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NEWS SUMMARY

GENERAL

Plan for 3 classes of UK citizen

Three classes of British citizenship are proposed in a Government White Paper.

They are British citizenship, for some 57m "closely connected" with the UK; citizenship of British dependent territories; and British overseas citizenship.

The proposals are likely to be examined by a Commons select committee before legislation is drafted for the next session. Parliament, Page 9

Jo'burg troubles

More than 10,000 black municipal workers were on strike in Johannesburg—the most in a South African stoppage. Deaths in tribal fights in a goldmine nearby have reached 21. Page 3

Observer closure

The management of The Observer newspaper has set Sunday, October 19, as the date of the last issue. Dismissal notices have been given to 1,000 staff, half full-time, half casual. Back Page

Violent crime up

Crimes of violence in England and Wales rose by 8 per cent last year, though the number of serious crimes fell slightly.

Two reports say Britain has become a major market for illicit heroin, and four Indians and two Britons are being questioned after £75,000 worth was seized at Heathrow.

Foot sewn back

RAF technician Robert Johnson has had his right foot sewn back at Radcliffe Infirmary, Oxford, after a glider winching accident.

Vets breed puma

London Zoo vets have achieved a world's first by producing a puma by artificial insemination. The technique, which involves passing a mild electric current through the unconscious male, could help endangered species.

Carter unpopular

Two weeks before the Democratic Party convention, a U.S. opinion poll found 77 per cent of those polled were dissatisfied with President Carter.

Bomb deaths

At least seven were killed by a bomb which went off in Ahwaz, capital of Iran's partly Arab oil province of Khuzestan. Four killed by a car bomb in Beirut.

Judo silver

On a disappointing day for Britain in the Moscow Olympics, Neil Adams won the lightweight judo silver. Steve Ovett was the fastest first-round 1,500 metres winner.

£2 hospital gift

Philanthropist David Robinson has given £2m to rebuild Mill Hill Hospital, Cambridge.

Briefly...

Cricket: Middlesex, Surrey, Sussex and Yorkshire won Gillette Cup quarter-finals.

India is planning to send a women's team to climb Everest in 1984.

Two U.S. sailors were killed and eight aircraft damaged, when carrier Midway collided with a Panamanian cargo ship in the South China sea.

Russell Hart, 34, was remanded for seven days at Brentwood, charged with murdering a local couple.

Juventus of Turin signed Arsenal's Irish Soccer international Liam Brady.

BUSINESS

£ falls 2.2 cents; gold off $18

● **DOLLAR** rose sharply, boosted by a rise in the U.S. index of leading economic indicators, to close at DM 1.7765 (DM 1.7590). Its trade-weighted index was 84.4 (84.1). **STERLING** fell 2.2 cents to finish at $2.3485, its worst closing position of the month. Its trade-weighted index was 74.8 (75.1). Page 23

● ***GOLD*** fell $18 an ounce in London to $630.5. Page 23

● **EQUITIES** were quiet. The FT 30-share index closed 1.0 off at 488.7, but the Gold Mines index shed 7.1 to 376.7. Page 32

● **GILTS** continued to ease, with falls of up to ⅜ among longs. The Government Securities index closed 0.38 lower at 71.43. Page 32

● **WALL STREET** was up 5.21 at 937.12 before the close. Page 26

● **THE EEC** must seek a voluntary understanding, similar to the UK's, on Japanese vehicle imports, Sir Terence Beckett, Ford of Britain's chairman, told a Commons Select Committee.

● **ROVER-TRIUMPHS**'s managing director, Mr. Jeff Herbert, has resigned. Page 6

● **BRITISH RAIL** has frozen the amount of money available for staff recruitment. Page 6

● **INTERNATIONAL** Harvester is to reduce the workforce at its Doncaster and Bradford plants by 740. Page 6

● **MEXICO** is to increase its oil exports to Brazil by 250 per cent next year at a reported price of $32 a barrel.

● **ITALY'S** trade deficit fell from L1.513bn (£770m) in May to L1,011bn last month, but the deficit for the first six months is far above the total for last year. Page 2

● **REED INTERNATIONAL**, the publishing and paper products group, estimates industrial action reduced operating profits by £12m in the quarter to June 30. Pre-tax profits were down from £26.5m to £11.8m. Page 20 and Lex, Back Page

● ***BRITISH AIRWAYS*** saw pre-tax profits fall from £90m to £20m on turnover up by £280m to £1.92bn. Page 7 and Lex, Back Page

● **NATIONA LCOAL** Board broke-even in 1979-80 after tax and grants. Back Page and Page 7

● **BRITISH SHIPBUILDERS** has warned the Government that it will exceed its external financing limit of £120m this year by about £60m. Back Page and Page 8

● **STONEFIELD** Vehicles is to go into receivership following the decision by Tozer Kemsley Millbourn not to buy the Scottish Development Agency's stake in the company. Page 8

● **BANK OF ENGLAND** pre-tax profits declined, mainly as a result of severance payments, from £20.6m to £19.1m in the banking department. Page 8

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Automated Security	335	+ 20
Brady Inds. A	48	+ 6
Burnett Hallamshire	795	+ 20
Dowty	234	+ 8
Eurotherm	300	+ 7
FC Finance	92	+ 7
FNFC 9½pc 1992	£115	+ 6
GEC	484	+ 6
Henlys	92	+ 7
Hoover A	182	+ 5
Initial Services	192	+ 11
Intnl. Paint	82	+ 7
Jourdan (T.)	70	+ 8
Kayser Bondor	98	+ 36
Keot (M. P.)	68	+ 4
Lee Cooper	130	+ 6
Macanie	30	+ 7
Morrison (Wm.)	157	+ 6
Muirhead	126	+ 7
Ntnl. Carbonising	145	+ 11
Newarthill	300	+ 15
Polly Peck	122	+ 14
Prop. Sec. Inv.	218	+ 10
Racal Electronics	282	+ 12
Ricardo	445	+ 15
Royal Worcester	315	+ 13
Berkeley Expln.	195	+ 7
Century Oils	168	+ 8
LASMO	695	+ 10
Malayan Tin	900	+ 70
Sth. Malayan Tin	620	+ 60

FALLS

Trnspt. 3pc '78-88	£63½	− ⅛
Treas. 13¼pc '00-03	£105¼	− ⅛
Bowater	179	− 5
Campari	55	− 7
Tube Invs.	260	− 8
Vantona	85	− 4
Strata Oil	111	− 15
Kloof Gold	£14	− ⅜
President Steyn	£20	− ⅛

Cabinet nears move on defence cash and social security cuts

BY ELINOR GOODMAN AND PETER RIDDELL

LENGTHY NEGOTIATIONS between the Treasury and several major Whitehall Departments about keeping public spending down to previously agreed limits are coming to a head at Cabinet level.

Among the points being examined are whether, in the short term the Ministry of Defence cash limit should be increased, and whether, in the long term, there should be further breaks in the links between the annual uprating of social security benefits and price increases.

There are also vigorous arguments about further reductions in the education budget.

The discussions involve the separate issues of potential financial year by the Ministry of Defence and by local authorities, overspending in the current and of adjustments in spending plans for the 1981-82 financial year and ater.

Both sets of negotiations have involved an attempt to reconcile the extra cost of certain programmes with the overall objective of cutting total spending year-by-year as set out in the spending White Paper last March.

In the short term the Government is still relatively confident that spending of most central government departments is in line with Budget estimates, spending and public borrowing has been little different from earlier forecasts, though there will be a big impact next year.

These calculations could, however, be upset by defence overspending. Mr. Francis Pym, the Defence Secretary, is seeking adjustments to cash limits

British Rail freezes recruitment, Page 6
British Airways profit drops, Page 7
British Shipbuilders cash crisis, Page 8 and Back Page
Parliament, Page 9
Doubt over Sting Ray figures, Back Page
Coal Board faces difficult period, Back Page

The impact of the recession on which may amount to between £400m and £500m to take account of a faster-than-expected rise in the cost of defence equipment and the rapid completion of some defence contracts.

He says that unless adjustments are made the UK will not fulfil its NATO commitment of a 3 per cent annual increase in spending in real terms.

This call is being strongly resisted by the Treasury, which says that the Ministry of Defence should keep to its ceiling like other Departments.

A compromise adjustment of between £100m and £200m has been suggested, though the issue *is still being* fought out, as the Treasury regards it as symbolic for general control of spending.

The debate about future plans is focusing particularly on the Departments of Health and Social Security and of Education and Science, since these have the largest budgets outside Defence and Environment.

The problem at Health and Social Security arises because increased demand for services, notably by the elderly and the unemployed, has pushed overall departmental estimates for 1981-82 above the level set out in March.

One proposal is that £110m be cut next year. The options include breaking the link between price rises and increases in supplementary benefits, and a larger reduction in the real value of short-term benefits, such as unemployment pay.

The *difficulty* over the education budget arises both because of university teachers' pay rises and other salary increases, and because of loss of £35m of revenue as a result of the defeat of the proposals to charge for school transport.

Israelis confirm united Jerusalem as capital

BY OUR FOREIGN STAFF

ISRAEL'S PARLIAMENT last night defied a warning from the U.S. and finally approved a Bill which enshrines a united Jerusalem as the capital of Israel.

The move, which formalises the annexation of the city's Arab eastern sector captured during the 1967 Middle East war, is bound to spark bitter reaction from the Arab world which regards Jerusalem as Islam's second holiest shrine.

The Bill states that "a complete and united Jerusalem *is* the capital of Israel" and that "Jerusalem is the seat of the President, the Knesset, the Government and the Supreme Court," a consolidation of previous laws.

It follows a warning from President Jimmy Carter to Mr. Menahem Begin, the Israeli Prime Minister, that the legislation might induce Cairo to break off the Palestinian autonomy talks set up after the historic peace treaty between Egypt and Israel.

First indications, however, are that President Anwar Sadat of Egypt will not cut short the talks.

Contacts are already underway among Arab countries for the holding of an emergency summit to discuss the issue. Saudi Arabia has served notice that it will take strong action against any foreign country which recognises Jerusalem as Israel's capital.

The vote in the Knesset was 69-15 with three abstentions. Only a handful of resolute "doves" could bring themselves to vote against a move that gave expression to deep Israeli emotions.

Jerusalem has been considered the capital by Israel since the end of the six-day war when the Arab and Jewish parts of the capital were united as one municipality. But most foreign governments have kept their embassies in Tel Aviv.

The passing of the Bill will change little, but it carries enormous symbolic importance not only for the Arabs but for the Muslim world as a whole.

Opposition members in the *Knesset managed* to water the Bill down slightly by deleting references to Jerusalem's borders and by adding a clause guaranteeing freedom of access to holy shrines for all religions.

The only other addition agreed in committee was a vague pledge of financial aid to help the city's development.

The measure has the wholehearted backing of Mr. Begin. His next step, even more provocative, is likely to be the transfer of his own office into the Arab sector of the city.

Although constitutional experts say the law can be repealed by a simple majority of the Knesset there is very little likelihood of this, as the ultra-nationalist deputy Mrs. Geula Cohen knew when she introduced the Bill.

U.S. leading indicators recover

BY DAVID LASCELLES IN NEW YORK

The U.S. index of leading economic indicators rose in June for the first time in a year and by the biggest monthly increase since mid-1975, the Government reported yesterday.

The composite index, designed to gauge future trends in the economy, rose 2.5 per cent last month, compared to a 2.3 per cent drop in May. This indication of a possible turnaround in the recession was much greater than expected, and touched off a sharp reaction in early trading on Wall Street, where shares gained but bond prices fell in anticipation of renewed inflation with higher interest rates.

A drop in the rate of manufacturing lay-off was the biggest single factor in the June increase, the Commerce Department said. The Carter Administration, however, forecast a rise in unemployment from 7.7 per cent last month to 8.5 per cent by the end of 1980.

The June index increase suggests that the U.S. recession may be bottoming out, but by itself is not enough to chart a trend of recovery. The Commerce Department warns that its index is volatile

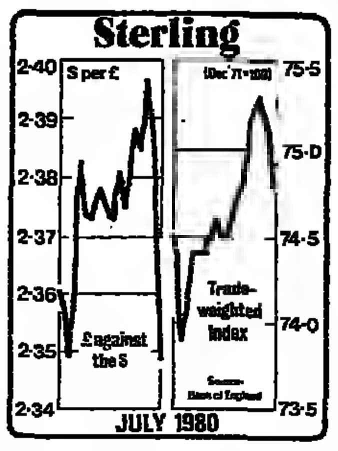
The Administration, which has every electoral reason to hope for the best from the economy, has cautioned that recovery from the recession will be slow.

It claims to have no plans to stimulate the economy with a tax reduction until inflation is under better control. The rate of consumer price increases rose fractionally from May to June.

Ten of the leading index's 12 components were used to compile the June figure. When the other two become available it may be revised. Of those used, seven indicators showed improvement. Besides the layoff rate, they were share prices, money supply, liquid assets, new plant and equipment orders, building permits, and consumer goods orders.

CONTENTS

For latest Share Index 'phone 01-246 8026



MLR cuts decision in balance

By Peter Riddell

THE GOVERNMENT decision about whether to cut minimum lending rate today appeared last night to be finely balanced, as Ministers and officials examined preliminary indications of July monetary figures.

There is strong expectation in the City and at Westminster that the Government wants to cut MLR before Parliament rises for the Summer Recess at the end of next week.

The problem is how to interpret the July banking figures, due to be published next Tuesday, in view of the impact of ending corset controls last month.

The reduction in MLR four weeks ago was based on expectations of a fall in the underlying demand for credit later this year.

It seems that the authorities find it hard to make a distinction at this stage between the underlying trend and the distorting impact of the end of the corset. This could lead to a cautious approach about MLR.

The gilt-edged market was relatively quiet yesterday and prices of long-dated stocks slipped by up to £⅞. This had little to do with MLR expectations, but reflected profit-taking by overseas holders and some switching by domestic holders ahead of large calls on partly-paid stocks in the next month.

The foreign exchange market was much more active yesterday as the dollar continued to strengthen against all currencies in response to rising Euro-dollar interest rates.

The dollar rose to DM 1.7765 from DM 1.7590 previously. The strength of the U.S. currency was also the main influence on sterling, which fell 2.20 cents to $2.3485 for a drop of nearly 4¼ cents so far this week. The pound has remained relatively stronger against the main Continental currencies.

£ in New York

—	July 29	Previous
Spot	$2.3620-3635	$2.3800-3810
1 month	1.46-1.41 dis	1.45-1.40 dis
3 months	3.58-3.53 dis	3.73-3.66 dis
12 months	7.05-6.95 dis	7.25-7.10 dis

Total number employed falls sharply

BY PETER RIDDELL, ECONOMICS CORRESPONDENY

TOTAL EMPLOYMENT is falling sharply as the impact of the recession spreads from manufacturing industry to the rest of the economy.

The number of workers both in private-sector services and the public sector has started to decline after rising steadily for more than a decade.

Service jobs have not been available as in previous recessions, to offset part of the decline in manufacturing, contrary to the Government's hopes. The drop in employment in the past year has been much larger than in the mid-1970s recession.

Department of Employment figures published last night in its monthly gazette show that total employment in Great Britain dropped by 155,000 to £22.06m, seasonally adjusted, between December and March.

This was double the fall in the previous three months. The drop since the middle of last year has almost completely offset the increase of 250,000 in the three years to June 1979.

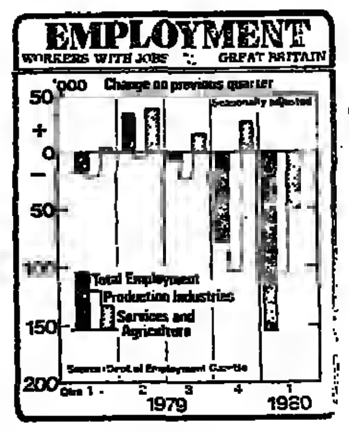
Total employment has undoubtedly fallen further since the end of the first quarter, to judge both by a drop of 100,000 from March to May in production industries, mainly manufacturing, and by yesterday's gloomy CBI survey.

The employment figures usually receive much less public attention than the monthly unemployment statistics, though they provide a clearer indication of what is happening to the structure of the labour market.

Manufacturing employment has dropped by just over 300,000 since last June, roughly the same as the drop at the beginning of the last recession.

The main contrast with the mid-1970s is in the service sector.

Employment in private services and public administration



continued to grow from 1974 to 1976, contributing to an overall rise in service jobs of more than 1½m in the 1970s.

But in the first three months of this year employment in services and in agriculture dropped by 50,000 after a rise of 80,000 in 1979.

The working population—the employed plus the unemployed—dropped by nearly 150,000 in the year to March, though the number of people of working age is rising by 200,000 a year.

The rise in the potential number of workers and fall in jobs available has not been matched by the rise in unemployment.

Officials believe that the main reason for the missing workers has been earlier retirement, particularly by men.

It is possible that fewer married women are looking for work; the female working population has dropped since the middle of last year after increasing rapidly through the 1970s. This in turn probably reflects the fall in service employment.

There has been a slight drop in employment in public-sector professional and scientific services since autumn, while the number of workers in financial services has levelled off.

Granada loses appeal

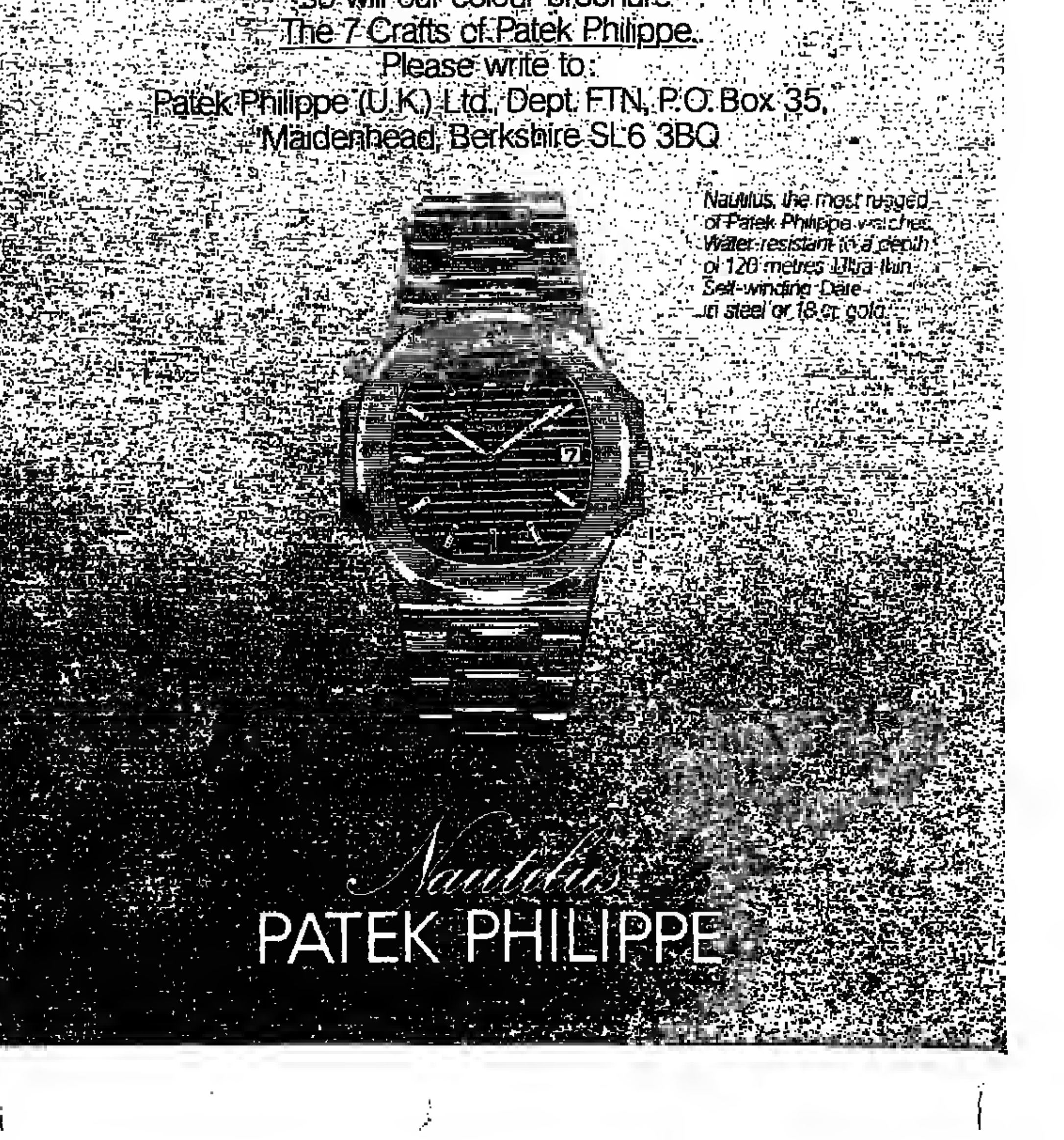
BY ALAN PIKE

GRANADA TELEVISION was told by the House of Lords yesterday that it must name a British Steel Corporation informant who provided confidential documents used in a World in Action programme during the steel strike last winter.

The Law Lords' decision brought immediate protests from Labour MPs concerned about implications of the decisions for Press freedom.

Mr. Greville Janner, MP for Leicester West, who tried unsuccessfully to obtain an emergency Commons debate yesterday, said the judgment extended to private interests' powers rarely exercised by public authorities in cases involving State security.

Continued on Back Page



E. Germany halts decline in its economic growth

BY LESLIE COLITT IN BERLIN

EAST GERMANY has succeeded in halting the slowdown in its economic growth, according to the German Institute of Economic Research (DIW) in West Berlin, in an analysis of the East German Government's economic report for the first half of this year.

The institute notes that the key indicator of produced national income, equivalent to Western Gross National Product, minus services, rose 5 per cent to the end of June, compared with a target figure of 4.8 per cent for the whole of the year. However, DIW says the increase is distorted by the low 2 per cent growth in national income in the first half of last year, as a result of severe winter weather, which curtailed output.

Industrial production so far this year rose 5.9 per cent compared with a 12-monthly target of 4.7 per cent.

DIW's specialists say a lower growth rate is certain in the second half, as the economy is continuing to struggle against worsening terms of trade with both the Soviet Union and the West They add that East Germany's normally thin statistics have been reduced in value even further, as monthly statistical reports have ceased and lump sum trade figures are not broken down into imports and exports

In the five-year plan ending this year the ambitious industrial targets announced in 1976 have nearly all been reduced year by year, DIW points out The chemical industry, for example, was to have expanded by 7.6 per cent each year, but the target has declined to 5.7 per cent this year.

Similarly, the machine-tool industry's annual growth was to have been 9.3 per cent, but the annual planned targets have been reduced to 7.5 per cent last year. In light industry, the annual average growth over five years was originally set at 7 per cent, but this was scaled down to a 2.4 per cent goal this year.

East German farm output, however, has shown steady growth from a high base. DIW says the Government's recent decree eliminating higher State prices paid for meat from huge cattle farms is an attempt to reduce the industrial scale of meat output to the more efficient level of smaller State co-operatives. Starting next year the farms will pay a higher tax, based on profits, to compensate for the virtual freeze on basic food prices since the late 1950s.

Last year, the East German budget allotted 7.7bn marks (£1.85bn) in subsidies to keep basic foods cheap. This was half the total subsidy the Government spent to maintain low prices for basic products, rents, and public transport.

Cabinet intervenes in French oil row

By Terry Dodsworth in Paris

THE FRENCH Cabinet intervened yesterday in the growing conflict between the oil state-controlled company Elf-Aquitaine and the Industry Ministry over the use of the increasing sums of money flowing into the nationalised group. The issue has become in addition, a personal trial of strength in recent months between M. Andre Giraud, the Industry Minister, and M. Albin Chaldon head of Elf.

Both men have strong ideas on how Elf should spend the cash flooding into the group. M. Giraud insists that the company has specific public responsibilities, while M. Chalandon argues that it should operate with the same degree of freedom as any other business.

The latest round of the battle seems to have gone to M. Girand, following yesterday's Cabinet decision to reorganise the management of the group. M. Chalandon is to be replaced as chairman of ERAP, the state-owned holding concern, while remaining at the head of Elf, the operating company, in which ERAP has a 70 per cent stake.

The Cabinet's explanation of this decision is that ERAP has a role to play in preserving national energy interests, and that this is best carried out by a separate team, maintaining a watchdog brief over Elf itself.

At the same time, however, it seems as though the Industry Ministry has managed to place its own man in ERAP. M. Pierre Alby, who is taking over from M. Chalandon, was previously chairman of Gaz de France, the nationalised gas utility.

It is felt that, with this structure, and with new instructions on the limits of Elf's diversification, M. Chalandon will find it less easy in future t oby-pass the Industry Ministry's control.

CLERGY ROLE IN EASING TENSION HAS PRICE FOR AUTHORITIES

Polish Church seeks return for aid

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S POWERFUL Roman Catholic Church has played a key role behind-the-scenes in helping to keep social tension within management limits during the recent wave of strikes. But it is now showing impatience that the authorities have made no substantive improvements in Church-state relations in return.

The authorities turned repeatedly to the Church in recent weeks for help in defusing tension. The Polish Church's line this month in talks with the authorities, both in Warsaw and at local level, was that it would do everything to maintain social peace but that justice must be done to working-class demands and conflicts must be resolved peacefully.

Senior Church officials say it was clear that one of the greatest concerns felt by the authorities during the strikes was that the Church should not join the chorus of protest and take the opportunity to press its own demands. These include access to the media and permission to build more churches. But, most of all, the Church wants the state to recognise its legal status as a public institution.

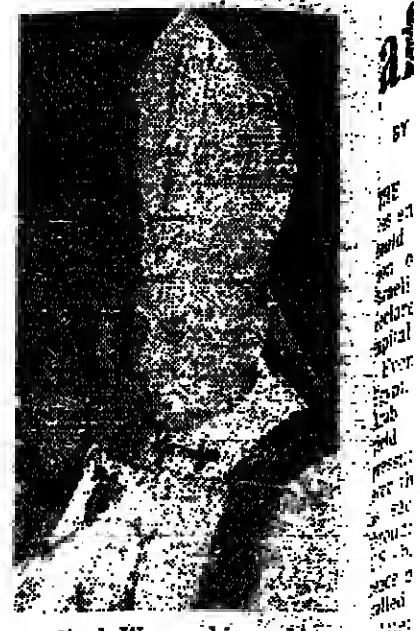
These demands have been put forward by Cardinal Wyszynski, the Polish Primate, in public sermons and in private meetings with Mr. Edward Gierek, the Polish party leader, over the past three years. But as late as the end of June, the Polish bishops' conference stated openly "that there was a lack of significant progress" in the process of normalising relations between Church and state.

The Polish Church led by Cardinal Wyszynski, who will be 79 in August, takes the line that concessions forced from the authorities at moments when they are weak can prove transitory. It prefers, therefore, to get its way by a long process of persuasion and reason. But the past few weeks have shown how much the state needs the Church's steadying hand at times of crisis.

Meanwhile, the wave of sporadic strikes appears to be continuing with a short stoppage by tram drivers in the Baltic port cities, ended after 30 minutes by a 10 per cent wage increase, and a strike at the Dolmel electrical works at Wroclaw in south-west Poland.

Over 100 plants have been affected by strikes since the meat price rise of July 1, but tension appears to have been defused by the authorities' conciliatory approach

But another blow to Poland's shaky economy has been dealt by widespread flooding of the Vistula and other rivers around Warsaw and 20 other districts. Over a million hectares of farm land have ben affected and army units and civilians have been busy evacuating families



Cardinal Wyszynski: pushing the message home in sermons and meetings

Recession takes hold of Danish economy

By Hilary Barnes in Copenhagen

THE RECESSION is beginning to hit the Danish economy but the Social Democratic Government of Prime Minister Anker Joergensen says no major adjustments to policy are planned before the 1982 budget is put together a year from now.

The most visible signs of recession are the 35 per cent fall in car registrations and 39 per cent fall in housing starts in the first half of this year compared with the same period last year.

Agriculture is going through one of its most serious post-war crises, and in the coming half year both manufacturing and the building industry expect a substantial decline in orders and output.

Unemployment has so far shown little change, running at about 152,000 or 6 per cent, mainly because some 45,000 people have been given early retirement benefits and have disappeared from the labour market statistics.

The economy is reacting less sharply, however, to rises in the price of oil.

In the 15 months from the end of 1978, wages rose by 14 per cent and prices by 15.5 per cent. Since December last year, energy prices have been removed from the retail price index, which governs the total price-wage linking system, so the inflationary danger is less serious.

The index has in fact risen at an annual rate of only 10.3 per cent so far this year. In June the rate was lower.

The Government has been encouraged by relatively good export figures this year as well. They rose by 28 per cent in the first five months of the year to DKr 46.6bn, leaving the trade ports rose by 23 per cent to DKr 46.6bn,(leaving the trade gap slightly up at DKr 7.8bn.

Although the recession may bring about a drop in imports from now on, few economists expect any improvement in the current balance of payments deficit which is heavily burdened by rising interest payments on the country's net foreign debt, which exceeds DKr 80bn (about 23 per cent of gross domestic product).

Manufacturing deliveries rose satisfactorily in volume by about 7 per cent in the first four months, although they fell by 3 per cent in May possibly influenced by the labour disputes in Sweden.

Italian trade gap narrows in June

BY RUPERT CORNWELL IN ROME

ITALY'S TRADE deficit narrowed significantly last month, further evidence that the long-awaited economic slowdown has begun. According to figures issued by Istat, the national statistics institute, June's provisional deficit dropped to L1,011bn (£520m) from L1,513bn (£770m) in May. The improvement would seem to indicate that raw material imports are beginning to decline following a fall in business activity at home, as recession spreads from the U.S.

The total deficit for the first half of this year, none the less, reached L7,793bn, far above the L4,725bn deficit for the whole of last year. The deterioration is due to a combination of higher oil prices and the diminishing competitiveness of Italian exports.

The latest figures tend to confirm projections that the total trade deficit may reach L15,000 bn (£7.5bn) in 1980, leaving a current account deficit of up to L5,000bn (£2.5bn) to be financed by borrowing and other foreign inflows into the commercial banking system.

At the same time pressure has eased on the lira, which in the immediate run-up to the June economic stabilisation package had needed substantial support by the Bank of Italy. Now, helped by the onset of the tourist season, the exchange rate is no longer causing particular concern, according to senior economic ministers.

French 'third speed' mail idea quashed

By Our Paris Staff

THE MINISTER in charge of the French Post Office, M. Norbert Segard, has firmly stamped on the idea of establishing a special, guaranteed 24-hour delivery tariff.

The concept of a new "third speed" guaranteed mail which would give senders financial sanctions against the Post Office for late delivery, was floated a few weeks ago. A number of businessmen were said to be behind the scheme, for which they would pay a higher rate but receive a more reliable service.

M. Segard has dismissed the notion, however, with the comment that the present two-speed system is one too many. He said that a third tariff would create different standards for the rich and the poor and go against the concept of a public service.

Bonn underlines its support for Israel

BY ROGER BOYES IN BONN

THE BONN Government, anxious to deflect criticism that it is ignoring Israeli interests in its intensive dialogue with Arab countries, stressed yesterday that Israel's guaranteed right to exist was a central element in West Germany's Middle East policy.

Herr Hans-Dietrich Genscher, the Foreign Minister, used the occasion of the visit of King Hussein of Jordan to defend the European initiative in the Middle East. The aim, he said, was not only to achieve Palestinian self-determination but also to guarantee the continued existence of a secure Israeli state.

His statement effectively was a defence' against Israeli and U.S. criticism of Europe's attempt to play a stronger role in the Middle East. Mr. Edmund Moskie, U.S. Secretary of State, this week expressed concern that the European abstension on two anti-Israeli resolutions in the United Nations would harden Israeli attitudes and make Middle East peace moves that much more difficult. Senior Israeli Ministers also have criticised this week the Euro-Arab dialogue and Bonn's role, in particular.

In talks with Chancellor Helmut Schmidt yesterday, King Hussein reportedly welcomed the European initiative, as formulated at the Venice summit last month, and applauded Bonn's contribution to the Euro-Arab dialogue.

Herr Genscher has now come down firmly in favour of a joint meeting of EEC and Arab League Foreign Ministers—probably including a representative of the Palestine Liberation Organisation—as a way of following up the current Middle East tour of M. Gaston Thorn, president of the EEC Council of Ministers. M. Thorn started his fact-finding mission yesterday with talks at the Arab League headquarters in Tunis. He will subsequently visit Israel and several Arab countries.

Spanish ports to reopen

By Robert Graham in Madrid

SPANISH PORTS, scarcely operational for the past 15 days as a result of a docker's strike, are expected to reopen tomorrow, according to the association of port companies, Anesco. This follows a compulsory wage settlement imposed on Tuesday night by the Ministry of Labour.

The 18-month settlement permits a 16 per cent wage increase backdated to April and imposes a 40-hour week. However, the main cause behind the disruption, a proposal to reorganise the Port Workers Organisation (OTP), has not been settled. The issue is expected to be considered in September.

Reform of the OTP was agreed only by the Socialist union, which represents no more than 5 per cent of port workers, and envisages an end to the organisation's control over hire and fire of port workers. Anesco refused to consider a new wage settlemant until other unions had agreed also.

The ensuing dispute led to serious disruption of all Spanish ports, costing over £40m in lost trade. In some ports there have been total close-downs or lock-outs.

Yesterday, no goods were handled in any Spanish port in a widely-observed protest over the death last week of a young girl dock employee during a demonstration in the Canaries.

Paris defends Iraq deal

BY OUR PARIS STAFF

THE FRENCH Government has rejected sharply Israeli claims that its controversial nuclear co-operation agreement with Iraq is endangering peace in the Middle East. In a statement following an official Israeli protest to the French ambassador in Tel Aviv, the Foreign Ministry said it will continue to help Iraq pursue its "legitimate" interests. The deal was surrounded by all the necessary guarantees, it said, and the Government would not give way to pressure.

The smouldering row over the FFr 1.45bn (£150m) deal, signed in 1975, has come to life again only months before the delivery of the first batch of enriched uranium to Iraq is due to take place. Two experimental reactors—a small unit called Isis and the larger 70 MW Osirak—are expected to start working in the course of 1981-82.

Israel's distrust of the project derives from the fear that the reactors will provide the nursery for a team of nuclear engineers who could graduate to weapons technology, while also making available the potential raw material for a nuclear bomb. There is open scepticism about Iraq's need to develop a nuclear industry when it has sufficient energy resources in its oil fields.

In the French view, however, the Iraqis have given solid guarantees on the peaceful nature of the programme. The statement underlined that Iraq had signed the nuclear-non-proliferation treaty.

Belgium lowers bank rate to 12%

Belgium's national bank has cut bank rate by one point to 12 per cent from today, Reuter reports from Brussels. A similar reduction to 12 per cent has been made in the normal Lombard rate. Belgium last cut bank rate on June 25. The bank rate cut follows recent gradual reductions in short-term Treasury Bill and other money market rates. It comes at a time when the Belgian franc appears relatively stable

Riot police confront demonstra tors at the Zurich youth centre.

SWITZERLAND FALLS INTO THE GENERATION GAP

The opera house that caused a riot

THE SWISS idyll has been badly out of sorts in the past few weeks. A long series of demonstrations has brought violence, looting and general dissent to Zurich, quite apart from minor upsets in Berne and Basle. No one has been more surprised at the sudden outbreak of unrest than the Swiss themselves who, with some justification, view their country as a haven of peace in a troubled world.

The trigger for the troubles was an unlikely one. In early June, Zurich had to vote on a referendum to grant a considerable sum of public money for a new Opera House. A few days before the polls a demonstration was organised at the existing building to protest against the grant, on the grounds that the city had not supported the development of an "alternative" culture centre, under autonomous control at a former factory. The youthful protesters, who saw the Opera House grant as a symbol of middle-class and middle-aged oppression, started throwing things at opera-goers. The police moved in.

Although the disturbances have come to be known as the "Opera House riots," the question of the opera soon became very much a side issue. (Ironically enough, it is not impossible that a majority of the electorate would have voted against the grant, had the riots not taken place). The youth and large sectors of the political Left wing made allegations of police brutality and claimed that the authorities had disregarded young people's demands. One demonstration bred another, each adding to the ill will on both sides.

Unlike the last Zurich riots, in the unruly year of 1968, there is little political content to the present troubles, despite the support of the Left. The motive behind the disturbances has been the age-old battle between the generations. In Zurich, as in Berne and Basle, the "enemy" for the demonstrators has been established and adult authority. Inasmuch as ideology has been involved, it has been that of anarchism. One slogan on the streets had the intriguing but significant text: "Turn the state into cucumber salad."

The more or less spontaneous movement is not fundamentally nihilistic, however. In both Zurich and Berne the real point has been the creation of autonomous youth centres. Most Swiss cities have been dragging their feet on this, in some cases because self-administered youth centres have caused difficulties in the past—particularly in connection with drugs. After the first few demonstrations, the Zurich authorities made up for lost time and handed over premises close to the city centre for use as a youth centre. But this did not stop the disturbances, since the "autonomy" offered was considered insufficient.

In essence, the youth activists—who have chosen the interesting form of a "plenary session" as their organisation-free representation—want to look after what they consider their own affairs. The powers-that-be feel that guidance is needed, to say the very least. Relations between the street and City Hall are hardly very cordial after the succession of mini-rebellions. Positions have been hardened by the riots themselves, the damage done by the rioters, the strong action taken by the police (in part against innocent bystanders), and the criminal charges pending against demonstrators.

Ordinary Swiss citizens are firmly on the side of law and order. In a survey published last week, over 78 per cent of the people polled felt the riots had harmed the cause of the youth lobby (over 68 per cent of the 18 to 34-year-olds were of this opinion). Only 13.8 per cent felt the police had been too tough—as against no less than 25 per cent who said they had not been tough enough! The riots will certainly not do youth much good in future referendums. Still, there is something to be said for the cynical argument that without the disturbances little would have been done for young people anyway. Switzerland is a performance-orientated country and, as such, not very youth-minded.

Clouds of teargas wafting through Swiss city streets have tarnished that country's reputation as a haven of peace in a troubled world, writes John Wicks in Zurich.

Apart from the demonstrations themselves, the events of the past weeks have had considerable repercussions elsewhere. The university became embroiled on a matter of principle in a row with the Zurich City Council. Students of the ethnological faculty had made a film of the Opera House demonstrations, the showing of which to an audience of over 1,000 was banned by Mr. Alfred Gilgen, the education councillor, on the grounds that it would be used for agitation. In fact, the film does not seem to have been massively "censored" to put the police in a bad light and edit out "undesirable" scenes involving demonstrators.

The worst scars may well be borne by the Social Democratic Party. Early on in the events, the Zurich party organisation and the Volksrecht newspaper came out whole-heartedly in favour of the demonstrators. The leaders of the Zurich City Social Democrats not only castigated critics of the protesters—among them the Neue Zürcher Zeitung newspaper, which a mob had attempted to storm in June—but charged the City Council and the police with over-reaction and brutality.

The interesting point is that four members of the City Council are Social Democrats. One of them, Mr. Emilie Lieberherr, had worked hard but unsuccessfully to establish a dialogue with the demonstrators and had been exposed to obloquy as a result. The party's leaders have come out fairly openly against their own representatives in the city government, and the four councillors immediately deplored the criticism.

The apparent Left-Right split in the Social Democrats, the city's biggest single party, will hardly do it much good with the electorate, particularly as most other parties have issued statements expressly regretting the violence "of a small minority of young people." One Social Democrat of the Left went so far as to hint that the closing by the police of a cafe notorious for its drug dealers was intended to promote drug sales in the new youth centre and thus discredit it from the start.

The demonstrations now look as though they may be coming to an end, but they will probably leave behind a sense of severe disillusion among young people—and an increased conservatism among the electorate.

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EUROPEAN OPTIONS EXCHANGE

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OLIE P	F.160	46	2.20	23	4	—	—	"
UNIL C	F.110	—	—	1	14.50A	—	—	F.122.70
UNIL C	F.120	3	5.20	—	—	1	7.50	"
UNIL C	F.130	—	—	1	1.20	—	—	"
UNIL P	F.120	10	2.20	—	—	—	—	"
XERO C	$60	2	2⅛	5	3 5/16	—	—	$58⅛
		Aug.		Nov.		Feb.		
SIEM C	DM.260.50	—	—	10	8.50	—	—	DM282.50
SLUM C	$110	3	26¼	1	28	—	—	$134⅝
SLUM C	$120	2	15⅞	2	18½	1	20½	"
SLUM C	$150	—	—	2	11¼	—	—	"
TOTAL VOLUME IN CONTRACTS						1464		

C=Call P=Put

THE FUTURE OF JERUSALEM

Bitter Arab reaction likely after the Knesset vote

BY IHSAN HIJAZI IN BEIRUT

THE MIDDLE EAST conflict has entered a new phase which could result in a serious escalation of tension following the Israeli Parliament's move to declare Jerusalem the undivided capital of Israel.

Even President Sadat of Egypt, the most moderate of Arab leaders, may have to yield to Arab and Moslem pressures to take a firm stand over the city which is regarded as sacred by 800m Moslems throughout the world. Thus the U.S.-backed Israeli-Egyptian peace process could be seriously stalled.

After the holy Moslem city of Mecca Jerusalem is the site of Islam's holiest shrines. The issue of Jerusalem concerns not only the Arabs but the entire Islamic world.

Turkey, which had steered clear of the Arab-Israeli conflict, has threatened to break relations with Israel if the Jerusalem Bill is passed by the Knesset.

Saudi Arabia, which regards itself as the main guardian of Islam because it houses the *Kaaba, Islam's holiest shrine*, this week served notice that it would take strong measures *against any foreign country* which recognised Jerusalem as Israel's capital.

The warning was delivered by the Saudi delegation at the United Nations. Similar warnings have been issued by the other oil-rich Arab states in the Gulf region.

Governments there have made it clear that they would use their oil as a weapon to stop foreign states from endorsing the Israeli move on Jerusalem.

King Hassan of Morocco, as head of a special committee on Jerusalem appointed by Islamic Heads of State, last week sent an urgent appeal to President Sadat urging him to take a strong stand to stop Israel from spreading its sovereignty to east Jerusalem. The King promised that in return he would see that Egypt and its President were brought back into the Arab and Moslem fold.

Arab diplomats say contacts are already underway for the holding of an emergency summit conference by Islamic countries to discuss the Jerusalem issue. That would be similar to the Islamic summit held in Rabat in 1969 after the arson at Al Aqsa mosque in the holy city.

That summit institutionalised, for the first time, the pan-Islamic trend for joint action. The Islamic conference organisation which has its headquarters in *Mecca* was an outcome of the summit.

A resolution passed by the UN General Assembly on Tuesday which called for Israeli withdrawal from occupied Arab *land* including Jerusalem is expected to add strength to the Palestinian, Arab and Moslem *positions*.

Palestinian and Arab quarters are elated by the resolution, which *also recognised* Palestinian rights to self-determination and statehood. They are, however, angered by U.S. opposition to the resolution and West European abstentions.

A Palestinian official predicted an acceleration of the struggle against Israel by Palestinian guerrillas with support from the rest of the Arab and Islamic worlds.

One observer in Beirut commented yesterday that the Israeli Parliament's action had "short-circuited the chance of a negotiated settlement with Israel and made military action inevitable if Arab and Moslem rights in Jerusalem are to be recovered."

A Moslem scholar went *so* far as to say: "This is a very grave moment in history with a *religious war being* a *paramount* option." He predicted outcries for a jihad or holy war to sweep *the Islamic world*, with serious repercussions for the West.

"This is probably the moment when Sadat will have to reverse his attitude or be swept away by the Islamic sentiment that *is bound to be generated* by the Israeli provocation against all Moslems," he added. This view may be an extreme one but it illustrates the gravity with which the Moslem world will view the actions of Mr. Menahem Begin, the Israeli Prime Minister.

The day Jerusalem fell: Yitzhak Rabin (right), later to be Prime Minister, Moshe Dayan (centre) Defence Minister at the time, and area commander Uzi Narkis stride through Lions Gate.

Holy site's changing status

BY ANTHONY McDERMOTT

EAST JERUSALEM, then under Jordanian *jurisdiction*, fell to Israeli forces on June 7, 1967, the third day of the six-day war. On June 28, west and east Jerusaelm were effectively united, according to Israeli *legislation, which* entailed three Bills:

The first authorised the Government to apply *Israeli* law and administration "in any area of Palestine to be determ*ined by decree.*" The second assured freedom of access to the holy places of Jerusalem to members of all *faiths*. The third authorised Israel to extend the jurisdiction of municipalities *and* to appoint additional councillors.

The third Bill made Jerusalem and its environs the *only Arab* land taken in that war to be annexed. Mr. Menahem Begin, the present *Prime Minister, in* a letter to President Jimmy Carter, dated September 17, 1978, and appended to the Camp David agreements, described the legislation thus: "On the basis of this *law*, the Government of Israel *decreed* . . . that Jerusalem is one city indivisible, the Capital of the State of *Israel*."

As early as July 4 1967, the UN General Assembly, in resolution 2253, expressed deep concern "at the situation prevailing in Jerusalem as a result of the measures taken by Israel to change the statos of the city." A steady stream of both General Assembly and Security Council resolutions have followed, reflecting concern about infringement of the clauses of the Geneva Convention dealing with territories occupied in war.

Resolutions also complained about physical changes of the annexed area, including the expropriation of land and the destruction of property.

The religious concern felt by Jews, Moslems and Christians for Jerusalem is well-known. Under Jordanian jurisdiction, Jewish access to the Wailing Wall, for example was barred. Of *almost equal emotional* worry, was a fire in August 1969 at Al Aqsa mosque, which was caused by a deranged Australian, but which also appeared to confirm Moslem *fears for their shrines* under Israeli control.

In Arab-Israeli negotiations, *it* has been *tacitly* accepted by most parties and their backers that Jerusalem is such a delicate issue that it is best left until the end. What the Bill before the Knesset does is to state explicitly that Jerusalem should be forever the undivided Israeli capital and seat of Government, *Parliament* and judiciary.

Some Israelis are not insensitive to the emotional and political embarrassment this will cause to its allies and to Egypt. *But few can vote against. Its* timing could hardly be more unfortunate, even though Israelis, characteristically throw up their hands and ask. "What does it really change?"

The Old City 'is now forever part of Israel'

BY A SPECIAL CORRESPONDENT IN JERUSALEM

THE FALL of East Jerusalem to Israeli arms on Wednesday, June 7, 1967, sent a glow of pure rapture through the embattled Jewish nation. The Six-Day War had three days to run, and hard fighting lay ahead to *secure the* eastern *bank of* the Suez Canal and to storm the Golan Heights.

Crucial as these later *battles* turned out to be, they were in some ways an anti-climax for Israelis. What mattered above all was that the Temple Mount, site of the Biblical Holy of Holies, was again under Jewish control for the first time in 2,000 years.

The fighting for the walled Old City was all over by the Wednesday afternoon. That day a Rabbi in paratrooper's uniform sounded the ceremonial *shofor*, a ram's horn trumpet, in the precincts of the sacred Western Wall — the Wailing Wall — after which Israel proclaimed East Jerusalem annexed to the Jewish state for ever.

The *first Jewish civilians* allowed into the Old City on the day of its capture rode in on a press bus through the Mandelbaum Gate, a wood-roofed structure which for 19 years had been the official crossing point for those few people mostly from the United Nations allowed to cross between the two sides of the city.

Before that day ordinary Israelis could only glimpse the wonders of the Old City through tourist telescopes set up on strategic roof tops.

For the religious Jew, the importance of Jerusalem needs no explaining. The Temple Mount is central to the history of today. *The Western Wall*, referred to as the Wailing Wall because of the cries emitted by worshippers in its *shadow*, represents all the known remains of the Second Temple, destroyed by the Romans. It is the most holy shrine of the Jewish faith.

Most Israelis are not observant Jews, and practise their religion in perfunctory ways at best. But for them, too, the mystic significance of Jerusalem seems hypnotic. To be in Jerusalem once more was the goal of the Zionist endeavour. And Jerusalem meant not just the western suburbs but the Temple Mount itself.

The Mandelbaum Gate did not long survive. It was erased from the landscape, as were all other signs of division between the two Jerusalems. Israeli money, Israeli laws, and above all Israeli security took root in East Jerusalem, while the numbed Arabs looked on helplessly. Outside Jerusalem the West Bank was treated as occupied territory. Not so East Jerusalem. Its Arab population was constantly told: "This city is now for ever part of Israel."

By and by new homes began to shoot up in the north and eastern sections of the city, in areas once controlled by Arabs. In time they spread out to create brand new suburbs which gradually began to encircle Arab areas and cut off the view to the East where the Judean Desert slopes down to the Jordan Valley.

In the main, Jerusalem Arabs accepted the occupation with resentful passivity, apart from sporadic outbursts of violence and periodic commercial strikes. Unlike the Arabs of the West Bank, where rich merchant families tended to provide natural leaders, the 100,000 Jerusalem Arabs had little in the way of obvious leadership. But the Arab bitterness is evident. They resent military government and its rules, such as the ones which prevent them from buying cheap produce from their families on the West Bank. Most of all they resent the ubiquitous Israeli soldier.

Since the advent of Mr. Menahem Begin's Government, intense pressure has been brought on foreign and Israeli institutions to move their headquarters from the commercial grime of Tel Aviv to the stately hills of Jerusalem. This pressure has been resisted, notably by foreign embassies, who keep their missions firmly planted in Tel Aviv.

Supporters of the new Jerusalem Bill admit that it will change nothing on the ground. But they say that, however awkward it may be politically, the Bill expresses the deepest feeling of nearly all Israelis. In this they are probably right.

Johannesburg strike worsens

BY BERNARD SIMON IN JOHANNESBURG

MORE THAN 10,000 black municipal workers were on strike yesterday in Johannesburg—the largest number of strikers ever to have taken part in a work stoppage in South Africa.

The municipality has called on children and private contractors to help maintain skeleton refuse and sanitation services.

Wage demands are the immediate cause of the strike. A more important issue, however, is a claim for recognition by a black trade union which says it has the support of over half the city's black workers.

Employers in South Africa are increasingly facing the dilemma of whether they should try to persuade workers to accept management-sponsored works' committees and in-house unions, or tolerate more popular but more militant, independent unions.

Johannesburg City Council favours works' committees and the union of Johannesburg Municipal Workers, which has applied for Government registration as a trade union. The council has refused to negotiate with the recently-formed Black Municipality Workers' Union, which has organised the strike.

In an attempt to bypass the BMWU the city authorities yesterday asked strikers, most of whom are migrant workers, to stay in their compounds so that senior officials could address them in small groups. The council has also asked representatives of the tribal homelands to accompany its officials to the compounds. It hopes they can persuade workers to elect representatives to negotiate with the employers.

The Council's tactics have not yet borne fruit and are coming under *increasing* criticism from trade unionists, opposition politicians and labour *experts*. Mr. Andrew Levy, a labour consultant, warned of the "foolhardiness of forcing on workers the *type* of unions which employers rather than workers want."

A similar dispute to the Johannesburg strike arose three weeks ago when striking drivers employed by the Putco bus company refused to negotiate through a management-approved committee, and insisted on recognition of an action committee. The drivers' grievances have not yet been resolved, but they have returned to work.

U.S. Congressmen send hostage plea to Iran

TEHRAN—A letter signed by 187 U.S. Congressmen urging the speedy resolution of the American hostage crisis has been handed to the Speaker of the Iranian Parliaments, Mr. Marcus Kaiser, the Swiss Charge d'Affairs, said yesterday.

He was confirming a newspaper report that he presented the note to the Speaker, Hojatoleslam Hashemi Rafsamjani, at a meeting at the latter's office last night.

The letter, which Mr. Kaiser said was dated July 2, expressed awareness of the domestic problems confronting the recently-elected Parliament and expressed the hope that a better understanding of the goals and aspirations of both countries and peoples could be found.

The letter urged that the hostage question be given the "highest and earliest priority as a first step towards solving the more immediate and crucial threats facing the free nations."

The 270-seat Parliament, in which the clergy-dominated Islamic Republican Party forms the *largest* group, has been entrusted by Ayatollah Khomeini with the task of deciding the *future* of the 52 American hostages, held since last November. There has been no firm indication when the House will begin debating the matter.

The Congressmen's *letter* was delivered via Switzerland because that country looks after U.S. interests in Iran.

The newspaper, Islamic Republic, reported that, after his meeting with the Swiss diplomat, Speaker Rafsanjani said: "I stressed that our relations with the U.S. are hostile and conditions created by the US prevent understanding and the reaching of a peaceful solution."

Reuter

Indian Government offers concessions to Assam

BY K. K. SHARMA IN NEW DELHI

MRS. GANDHI'S Government attempted yesterday to end the turmoil in the troubled north-east region of India by announcing of concessions to the agitators in Assam where students last week called a partial halt to 10 months of agitation.

Mr. Zail Singh, the Home Minister, told Parliament in *Delhi* that the *Government* would release on Saturday all arrested students not involved in *cases of violence*. It would also withdraw the notification which called Assam a disturbed area and which gave the army vast powers to maintain law and order.

The hopes are that the student leaders of the agitation will reciprocate by calling off their movement for the deportation of all "foreigners" the term used for Bengalis *from* Bangladesh and the Indian state of West Bengal.

[illegible] paralysed economic [illegible] the students are not allowing crude oil to be transported to refineries *in other parts of the* country. This has cost the Indian economy Rs 4bn (£216m).

Mrs. Gandhi evidently believes that strong measures taken so far against the Assam agitators have not been successful and is now turning to negotiations.

The Assam agitation has spread to other states in the region, notably Tripura, where a general strike has been called for today. Tribal people in Tripura massacred Bengalis a few weeks ago in an uprising against the "foreigners."

Hopes for peace in Mizoram, where an insurrection has been in *progress* for several years in support of a demand for independence, were also revived yesterday when it was announced that the leader of the rebels, Mr. Laldenga, had agreed to call off the *armed* movement.

Thai arms spending increases

By Our Bangkok Correspondent

THAILAND'S Prime Minister, General Prem Tinsulanonda, yesterday presented to Parliament a budget calling for a sharp increase in defence *spending* in 1981.

Military spending would rise 23.8 per cent over last year to 27.7bn baht (£570m), or about 20 per cent of expenditure. The total budget figure of 140bn baht is 22.2 per cent higher than the budget for the current fiscal year, which ends in September.

The Thais are jittery about the threat posed by Vietnamese troops in neighbouring Kampuchea. Late last month, the Vietnamese led a brief but bloody raid across the border. In his speech to Parliament, the Prime Minister said that the increased defence funds would be used to enlarge the armed forces, to increase efficiency and to buy new arms.

The budget also includes funding through the Interior Ministry for 1,900 additional border patrol police, who are dealing with Thailand's low-level but persistent Communist insurgency.

Despite the dramatic increase in the military budget, Gen. Prem presented the budget as one designed to relieve the plight of the rural poor. He noted that more than 32bn baht, or 23 per cent of the budget, is allocated to economic development, with emphasis on increasing agricultural efficiency and job creation in the countryside.

Other major items include 28 bn baht, or 20 per cent of the budget, for education and 17.59bn baht for loan repayment.

Meanwhile Thailand and Japan have signed an exchange of Notes on economic co-operation under which Japan will extend to Thailand a long-term low-interest loan of 50bn yen (£92m) for 1980.

The bilateral loan, which is the seventh to Thailand since the first Yen loan was extended in 1958, will be provided by Japan's Overseas Economic Co-operation Fund.

AMERICAN NEWS

Mr. Morris Udall

Udall rejects candidacy as Carter's ratings drop

By David Buchan in Washington

WITH THE memorably wry words "If nominated I will run for the Mexican border, if elected I will fight extradition." Representative Morris Udall yesterday sought to rule himself out as a last-minute choice for the Democratic Presidential nominee.

Mr. Udall, who ran second to President Carter in the 1976 primary elections, said his job as keynote speaker to the mid-August party convention in New York was to stay neutral in the dogfight between the President, whose popularity has dropped heavily according to an opinion poll yesterday, and Senator Edward Kennedy.

In varying degrees of humour and firmness, Vice President Walter Mondale, Mr. Edmund Muskie, the Secretary of State, and Mr. Udall have now publicly said they do not want to be the eleventh-hour compromise candidate that some Democrats are hoping will emerge from the New York convention. Only Senator Henry Jackson has openly equivocated, saying he is flattered by the attention of those promoting his possible candidacy.

By mid-week, the drive by some disaffected Democrats to shake the beleaguered Mr. Carter's hold on the majority of convention delegates seemed to have levelled off. The White House has now set in train an effort to disclose all the facts on Mr. Billy Carter's links with Libya, with the President saying he is willing to testify to the Senate inquiry in person and promising a full report on his Administration's involvement by next week.

Mr. Robert Strauss, the Carter campaign chairman, has in addition, broken off a Californian holiday to head off any desertions by pro-Carter committed delegates before the New York gathering.

But a new Harris opinion poll released yesterday indicated that President Carter's popularity has dropped to an all-time low. Only 22 per cent of those surveyed in the last two weeks approved of Mr. Carter's performance in office.

Consumption fall forces companies to cut oil prices

BY DAVID LASCELLES IN NEW YORK

FOLLOWING A dramatic drop in consumption U.S. oil supplies have recently become so abundant that domestic oil companies have been forced to cut their prices to remain in the market.

This marks a sharp turnaround from the situation last year when petrol was so short that motorists queued for hours, and prices soared.

In its latest weekly bulletin, the American Petroleum Institute, the oil industry trade group, reports that crude oil stocks stand at 372m barrels, nearly 50m barrels more than in the same week last year.

U.S. imports of crude oil are also down sharply, from a daily rate of 5.5m barrels last year to 4.3m barrels in the latest statistical week ending July 18. Imports of petroleum products are also down.

This drop is partly caused by declining petrol consumption. Refinery output of this product is down nearly 10 per cent on last year, and production of other major petroleum products like fuel oil has also fallen quite sharply.

On the supply side, the U.S. has also managed to reverse the decline in production to a level where output is currently exceeding last year's level. According to the API, output is now running at 8.7m barrels a day (b/d), up from 8.4m b/d in the same week last year, mainly because of the rising contribution from the Alaskan North Slope.

This glut, which analysts warn may only be temporary, has led to a weakening in prices, and a squeeze on refining margins.

In the light of these trends, Standard Oil of Ohio (Sohio), BP's U.S. subsidiary, yesterday confirmed that it had cut Alaskan prices by $4 a barrel on oil that is exempt from federal price control.

Atlantic Richfield, another Alaskan producer, dropped its price by $1.50. Exxon, the third big company in the area, said there had been no changes because its supplies were covered by long-term contracts.

Elsewhere, other large companies operating in the "lower 48" (the Continental U.S.) have shaved a dollar or two off the barrel price, citing the weakness of the market.

AP-DJ adds from Washington: President Jimmy Carter is setting in motion a plan to use domestic oil to resume filling the nation's strategic petroleum reserve, officials said.

He is expected to issue an executive order soon allowing the Energy Department to trade oil from the Government's Elk Hill's, Californa, fields to oil companies in return for supplies located closer to the strategic stockpile sites in Texas and Louisiana.

In synthetic-fuels legislation passed last month, Congress ordered the Carter Administration to resume filling the reserve at a rate of 100,000 b/d for the fiscal year beginning on October 1. Additions to the reserve, which is supposed to help the U.S. withstand the effect of a supply interruption were halted last year after the Iranian revolution led to a sharp tightening of the world oil market. There are only about 92m barrels of oil in the strategic stockpile, about two weeks' imports.

Heavy fines proposed in CIA secrecy legislation

BY OUR WASHINGTON CORRESPONDENT

INTELLIGENCE committees in both Houses of Congress have now approved draft Bills that would set tough criminal penalties for disclosure or publication of the names of U.S. undercover agents.

Under the Bills, which are virtually identical, U.S. Government officials could be fined up to $50,000 (£21,000) or jailed for up to ten years for making agents' names public.

The legislation is considered likely to pass in the current session of Congress. Its thrust was explicitly endorsed by this month's Republican Party convention, and many Democrats who led efforts in the mid-1970s to rein in U.S. intelligence operations, in the wake of Watergate, are aware of the public feeling that intelligence has been weakened in the face of a renewed Soviet threat.

But objections on the floors of the Senate and House of Representatives may be raised over the draft Bills' provisions punishing civilians, including journalists, for disclosing agents' names with possible $15,000 fines or three years prison.

The proposed law also makes no distinction between whether the punishable disclosure is based on classified or unclassified information. It has been a vogue for various groups to use public Government directories to deduce who are agents and to publish their names. A former CIA agent, Mr. Philip Agee, was involved in this.

Last month, the covert Action Information Bulletin, a periodical based here, released the names of alleged U.S. intelligence agents in Jamaica and a few days later the house of one of those identified was bombed. A similar chain of events has occurred before, and is a prime reason for the proposed new law.

La Paz junta 'backed by people'

By Our La Paz Correspondent

BOLIVIA'S General Luis Garcia Meza has claimed that the "climate of normality" in the country demonstrated the Bolivian people's support for his Government.

He said his Government would remain in power until the goal of "national reconstruction" had been fulfilled and repeated his earlier claim that deposed President Lidia Gueiler had willingly turned over the Government to the armed forces in view of what he claimed was social and economic chaos in the country.

Gen. Garcia Meza charged that Bolivia's efforts to establish an elected civilian Government had been undermined by the politicians. Foreign interests had openly interfered in the elections, while Cuban-style communist groups had conducted terrorist activity in the country.

The recent condemnation of Bolivia by the Organisation of American States constituted an open interference, he said, and if the Andean Pact countries continued their critical stance, Bolivia might withdraw from membership.

The Garcia Meza regime has received recognition from only three countries, Taiwan, Paraguay and Argentina, which is said to have played an active role in bringing the new regime to power.

Gen. Jose Sanchez Calderon, the new Finance Minister, has stated that the regime would honour its agreement with the International Monetary Fund and continue efforts to renegotiate the country's foreign debt, estimated at $3.7bn (£1.6bn).

He denied that Argentina had promised Bolivia a special economic aid programme to replace loans and credits cut off by other countries as a reprisal for the military takeover. According to reports, Argentina is preparing a $2m package of loans and other aid for Bolivia

Coola Indians in a La Paz suburb, apparently unconcerned by soldiers and their armoured car.

WORLD TRADE NEWS

Yamaha to build plants in Spain and Mexico

By Charles Smith, Far East Editor, in Tokyo

YAMAHA MOTOR, the world's number two motor cycle manufacturer, expects to establish manufacturing plants in Spain and Mexico in the near future. The Spanish plant will initially supply the domestic market only but could become a base for serving other West European markets after Spain joins the EEC.

Yamaha's Spanish venture will take the form of a joint venture with two local manufacturers, Maquinaria y Elementos de Transportes and Talleres Sanglas, which are themselves on the point of merging. The joint venture company should be formed by January of next year and production, from an existing plant, will begin during 1981.

Yamaha expects that the plant will concentrate on machines in the 400 cc to 500 cc range since these are already being produced by its prospective partners. Yamaha has been unable to enter the Spanish market up to now because of a ban on imports but sold about 177,000 units in the EEC last year.

In Mexico Yamaha will take a 49 per cent stake in a joint venture with a local company, Alpha Mexico. The company will be capitalised at $10m and will initially produce 20,000 units per year of small to medium sized motor cycles (around 100cc). Yamaha does not export to Mexico at present because of prohibitively high import tariffs.

The Spanish and Mexican plants will give Yamaha its first foothold in Europe and North America but the company already manufactures motor cycles in South America and South East Asia. The largest overseas plant operated by Yamaha is in Indonesia with an annual output of 150,000 units.

Japanese in Indonesia oil supply deal

By Richard Cowper in Jakarta

AS PART of Japan's continuing bid to maintain security of supply for its energy needs, a Japanese Government-controlled finance company has agreed to provide Indonesia's state-owned oil company, Pertamina, $91m (£39m) in soft loans for the development of three Indonesian oil fields in return for the right to import at least 40 per cent of any oil produced.

The Indonesian Nippon Oil Company (INOCO), which is 60 per cent owned by the Japanese Government, signed a similar deal in December last year when it lent Pertamina $160m for oil and gas exploration. Both deals are radical departures from production-sharing agreements currently in existence between foreign oil companies and Pertamina, in that INOCO is merely providing high risk finance in return for an option to buy 40 per cent of any oil found, thus leaving Pertamina as sole operators.

For Pertamina the advantages are that it gains valuable new experience as an operator and access to relatively cheap money at almost no risk—interest rates on the loan are currently running at less than 9 per cent while they only have to be repaid if sufficient oil is found to cover them.

● The Ceylon Petroleum Corporation has signed an oil exploration agreement on a production sharing basis with Cities Services Company our Colombo Correspondent writes.

Cities Services will make an initial investment of Rs 90m (£2.37m). If oil is discovered, 40 per cent of production will be used to offset the concession holder's cost.

W. Germany seeks to reduce deficit by selling more to oil producers

BY KEVIN DONE IN FRANKFURT

WEST GERMANY is seeking to boost exports to the oil-producing countries, including the UK and the USSR, as the first line of attack in its attempts to reduce the mounting deficit on the current account of the balance of payments, which this year is expected to rise to around DM 25bn (£6bn).

According to the Bundesbank, the West German Central Bank, the opportunities for raising the volume of exports to the OPEC countries, and particularly to the more populous oil-producing states, have been underestimated.

The ability of the OPEC states with large populations to absorb more goods from West Germany has already been shown in the first five months of 1980.

Exports in general to OPEC rose by 21.5 per cent in the first five months of 1980 to DM 9.3bn. According to a provisional figure of the Bundesbank the increase in June was 40 per cent against the same month in 1979.

The growth of German exports even to oil producers with small populations could also be substantial, according to the Bundesbank, particularly to Saudi Arabia and Libya. The impact of the latest series of oil price increases will have only a gradual beneficial impact on the level of German exports: any repeat of the German export boom that followed the first oil crisis in 1974-75 when West Germany tripled its exports to OPEC countries is ruled out by the Bundesbank. But significant increases are already apparent in the second quarter of 1980.

The Bundesbank bases its optimistic forecasts for German exports also on increasing trade with the non-OPEC oil-producing countries.

Exports to the UK, Norway and the USSR, which are now supplying more than 20 per cent of the Federal Republic's oil needs, increased by 18 per cent in the first five months of 1980 compared with the rise of just over 16 per cent in total exports.

In recent months exports have been rising particularly quickly to the UK, a performance which has clearly been helped by the strength of sterling against the Deutsche Mark.

"The increased purchasing power of the oil-producing countries—created by the rise in oil prices—has led in more cases than is frequently realised, to a quick increase in German exports," says the Bundesbank.

West German industry, with its high emphasis on capital goods, should be well-placed to capture a growing share of the OPEC market. From 1972-73 to 1977 its share of the total exports of the Western industrialised countries to OPEC rose from 13.3 per cent to 16 per cent.

The turmoil in Iran upset this pattern and reduced the German share to 13.5 per cent by 1979. In 1978 the Federal Republic accounted for fully a quarter of all Iranian imports from the industrialised countries.

This has been offset, however, by the increasing revenues that are accruing to West Germany from services. By last year the value of this work had risen to DM 7.3bn, a tenfold increase since 1973. The biggest single contributor has been the building and construction industry with the bulk of work coming from Saudi Arabia.

The success of the West German export machine together with the lull on the oil markets turned a current account deficit with the OPEC countries in 1974 of DM 11.5bn into a surplus of DM 8bn by 1978. As a result of the latest oil price increases the position has again been reversed. In the first six months of 1980 more than half of the DM 12.3bn deficit is accounted for by trade with OPEC, but the Bundesbank is hopeful that the recent increases in exports can at least begin to reverse the trend again.

Third World investment declines

BY KEVIN DONE IN FRANKFURT

DESPITE THE spectacular rise in West German investment overseas last year, the share that is being spent in developing countries has shown a sharp fall.

According to the Berlin-based German Institute for Economic Research (DIW) developing countries attracted only some DM 1.1bn (£264m) of West German foreign investment in 1979, some 14 per cent of the total, compared with a share of 38 per cent in 1976.

This decline has been accentuated by the 29 per cent rise in West German overseas investment last year, which pushed the total to DM 7.8bn compared with only DM 3bn in 1972.

At the same time some four-fifths of the Federal Republic's accumulated investment in the developing world has been concentrated in only ten countries with Brazil and Spain taking more than half.

The leading targets for West German foreign investment are without exception the group of industrialising countries, including several Mediterranean nations such as Greece, Spain, Turkey and Yugoslavia.

The uneven distribution is particularly noticeable when it is seen on a per capita basis. In 1977 investment in the southern European countries amounted to DM 40 per capita, in the industrialising countries outside Europe to DM 23 per head and in the poorest countries of the Third World to only DM 1.30.

The main concentration of investments, 40 per cent—has been concentrated in only three industrial sectors — motors, chemicals and electrical goods.

The DIW says that the decline in the share of investment in the developing world, which has occurred despite Federal subsidies, favourable currency developments and low labour costs, is explained by investors' concern over the risks involved which has sharpened since the early 1970s.

Only Federal Government subsidies on a completely unrealistic level would do anything to reverse this trend, the DIW adds.

It suggests, however, that Federal assistance and development aid should be made more available to medium-sized German companies, which face particular obstacles in gaining information about investment opportunities in the developing world.

In addition Federal development aid subsidies should be made conditional on companies meeting certain defined criteria in benefiting the economies of the developing countries. Companies should also be bound by the OECD code on the conduct of multinational companies.

Ireland's overseas sales up 18%

Financial Times Reporter

IRELAND'S visible exports for 1979 totalled Ir£3,498.5m (£3,156m), an increase of Ir£535.3m or 18.1 per cent over 1978. This was announced yesterday by the Irish Export Board.

The star performing sector was manufactured goods which notched up a 15 per cent increase in volume. Goods in this sector were valued at almost Ir£2bn and accounted for 57 per cent of total exports. However, the overall volume growth was less than 5 per cent against about 10 per cent in 1978.

This slowdown is mainly attributable to changes in the agricultural sector, where meat (the leading food item) showed only a marginal value increase and exports of live animals dropped by over a quarter, the report says.

TAIWAN-CHINA EXPORTS

Joint benefits from backdoor trade

BY KEVIN RAFFERTY, RECENTLY IN TAIPEI

IN THE STORES of Guangzhou (Canton) a particular line is selling well — a new brand of television set. This in itself is not surprising. What is a surprise is the origin of the sets, labelled clearly "Made in Taiwan," an island of 17m people which claims to be the true government of the 1bn Chinese people.

Surprisingly, too, the Beijing (Peking) authorities do not seem to object to the sales; in fact they have removed duties on goods from Taiwan on the grounds that Taiwan is part of China. It is Taiwan which objects and has declared that such exports to China are illegal.

"There are severe penalties on anyone found exporting goods to mainland China, even indirectly," said Mr. Vincent Shao, the deputy director of the Board of Trade in Taipei. "Our trade policy is in line with our national policy, and we do not have any relations with Communist China. We have heard of this trade and have checked and found nothing. If we found anything we would ban the export and the exporter would be punished."

In spite of the official frown, it is clear that the Chinese market is potentially a lucrative one and that goods are reaching the mainland. Foreign economists in Taipei estimate that about 0.5 per cent of Taiwan's exports, worth about $80m, went to the mainland last year. Official statistics in Hong Kong also show that goods worth more than HK$100m ($21m) passed through the British crown colony last year en route from Taiwan to China.

There is trade the other way too. Again according to Hong Kong statistics, China exported $56m worth of goods through Hong Kong to Taiwan. The bulk of China's exports were foodstuffs and herbal medicines whereas Taiwan's sales to China consisted of more sophisticated and industrial items like textiles, tape recorders, electronic goods including televisions.

The success of the television sets sales has led some Taiwan-based economists to argue that Taiwan should encourage trade with China. The deals may be tiny now, but if the small island can sell between $21m and $80m worth of goods when exports are officially banned, what might be done if exports were open and encouraged.

Politically, too, open exporting could be beneficial to Taiwan. It would demonstrate to China that Taiwan is long past the painful stage of "Four Modernisations;" it is going through more sophisticated industrialisation. Whereas China's per capita income is about $500 a year, Taiwan's is $1,819. "Every sale of every industrial item to China demonstrates that Taiwan is a long way ahead," a Western businessman commented.

A careful analysis of the international trade of China and Taiwan suggests that there are large and unexplored areas of great mutual benefit. Taiwan needs industrial raw materials like coal, oil, cotton and soyabeans which China could supply more cheaply than Taiwan's present suppliers because of the shorter shipping distances.

For its part, Taiwanese goods like transport equipment, basic electronics, furniture, office equipment, plastics, paper and packaging materials could benefit China in the opening up of its economy. If the two really were prepared to co-operate, then there would be an advantage in China sending its oil to Taiwan's refineries and taking refined products and perhaps even petrochemicals.

But so far, the political arguments outweigh the commercial logic. Much depends on whether the Taiwanese are prepared to turn a blind eye to small amounts of trade which would allow continuous testing of the waters across the Formosa Straits without involving political commitments.

More and more businessmen report that contacts are being made between Taiwan and the mainland. This is normally through Hong Kong, but also through places like Singapore and Japan. The case of the television sets is a curious one as they are branded with the name of one of the big industrial companies in Taiwan, and are clearly marked: "Made in Taiwan" rather than being passed off as Singapore or South Korea products.

Most businessmen feel that the authorities in Taiwan must be aware of the sales. Another delicate factor is that most of the leading businessmen and industrialists in Taiwan are Taiwanese rather than mainlanders, so they do not have the political sensitivities of the rulers who are members of the Kuomintang. In their case, the profitable commercial logic of selling to China has become stronger now that Beijing has removed duties on goods from Taiwan.

A leading Western economist in Taipei commented: "Sure, the rulers here are happy that they are ahead economically, and they see this as the great justification of their rule. But they are also highly suspicious of the nature and the stability of the regime on the mainland."

As Mr. Shao put it: "The mainland Communists will take every advantage to put pressures on us. We have to be wary no matter whether they turn a sugar smiling coat towards us. We have learnt the bitter lessons of 30 years and we understand the attempt behind their smiling faces."

Repression has begun in Latin America's least-stable nation, writes **Mary Helen Spooner** in La Paz

Why Bolivia's soldiers marched back to dictatorship

SPRAY-PAINTED swastikas have appeared on walls in La Paz, Bolivia's capital. The two week-old Government led by Gen. Luis Garcia Meza has declared its intention to remain in power until "all traces of the Marxist cancer" have been eliminated. The new Interior Minister said with a straight face that the Government could not reveal the number of political prisoners because more arrests were being made. Reliable reports in La Paz say torture is being used against detainees.

Less than a month ago Bolivia, which has had 189 coups in its century and a half of independence, was on the verge of joining the club of young democracies in South America. The June 29 election, in which Sr. Hernan Siles Zuazo, a Left-wing moderate, gained the most votes, were among the fairest in Bolivia's history. Congress was willing to ratify Sr. Siles as President. Bolivia, the most insular and poverty-stricken nation on the continent, seemed to be approaching political maturity.

These hopes were shattered on July 17, with the revolt of Bolivia's Sixth Army Division. While Gen. Garcia Meza's regime faces a highly uncertain future in the face of mounting international censure, the fact that it managed to seize power in the first place illustrates the fragility of the country's political institutions.

Many Bolivians have commented with sad irony that the biggest achievement of Sra. Lidia Gueiler, the interim President deposed by the military, was that she managed to remain in power as long as she did—a total of eight months. Between 1925 and 1952 no Bolivian head of state has completed his term of office, and 17 people have held the presidency since 1964.

This instability has earned Bolivia the mocking amusement of even its Latin American neighbours. But behind the incomprehensible plots and counterplots is a poor nation desperately trying to modernise itself both politically and economically.

The 5m inhabitants of this landlocked but stunningly beautiful country have the lowest life expectancy—47—and lowest intake of calories in Latin America. Infant mortality is the highest in the region and only Haiti has a lower per capita income than Bolivia's $380. Illiteracy is about 40 per cent. Two thirds of the population is made up of Indian peasants, most of whom are outside the monetary economy. And the potential for indigenous development is also limited, since most people live in the altiplano, the barren uplands, rather than in the richer lowlands and jungle.

Despite years of military rule, Bolivia has never won a war. Losses of territory to Paraguay and Chile during the nineteenth century, including Bolivia's outlet to the Pacific Ocean, only increased its isolation. A small group of wealthy families of Spanish and other European descent effectively controlled the country for decades, with the support of the military which provided a kind of social ladder for poor but ambitious Bolivians.

The multiple changes of these early military Governments rarely affected for better or for worse the great majority of Bolivians, and were usually accomplished without bloodshed or social unrest. Instead, the changes tended to reflect internal power struggles within the military, rather than new directions in political outlook.

This picture changed considerably with Bolivia's 1952 revolution, which sought to bring about massive social reform. The armed forces' share of the national budget was cut from 23 per cent to less than 7 per cent. The military academy was closed and some 80 per cent of officers were forced into retirement.

As a result, many older Bolivian military officials tend to equate civilian rule and social reform with attacks on their institutions. These fears were heightened last year when the Bolivian Congress began an investigation into corruption and human rights violations during the seven-year military dictatorship of Gen. Hugo Banzer.

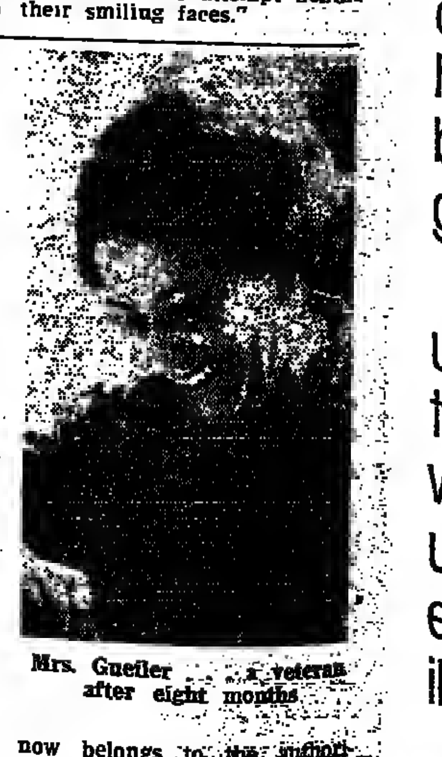
These factors, plus the repeated failure of military-backed presidential candidates such as Gen. Banzer to win any of the three elections held since 1978, laid the groundwork for the country's last two military takeovers.

The coups of November 1979 and July 17 this year represented this final showdown between civilian and military rule in Bolivia. The shortlived reign of Col. Alberto Natusch last year was defeated by massive civil resistance, including the refusal of the Bolivian Congress to recognise the new head of state. This year, the military attempted to avoid such civilian resistance by kidnapping the very leaders who helped bring down Col. Natusch. The military also received the tacit support of Right-wing political groups and those with links to the country's massive cocaine trade, which Sr. Siles had promised to combat.

One diplomat in La Paz, with uncharacteristic bluntness, described the Bolivian military as "a group of thugs," which the upper classes were perfectly content to use to keep things under control to their liking.

This assessment seems unfair in view of the progressive-minded officers within Bolivia's armed forces. But much of the thinking of the military high command has been coloured by earlier training from U.S. military advisers who espoused cold war fears of Communist subversion. More recently, Bolivian soldiers have been influenced by their Argentinian counterparts, who have provided extensive military training since 1977.

With a conservative military Government in power, Bolivia now belongs to the authoritarian bloc. With a liberal Government headed by Sr. Siles, the country would have closer ties with Cuba and Nicaragua, as well as Andean democracies such as Venezuela and Peru. Bolivia's strategic importance for both groups, as well as its serious economic problems and internal opposition to military rule, make future political unrest inevitable.



Mrs. Gueiler . . . a veteran after eight months

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Meriden's £12m loans must be paid back

By John Elliott, Industrial Editor

THE GOVERNMENT has decided not to waive loans and interest totalling nearly £12m which are owed by the Meriden motorcycle workers' co-operative to the Department of Industry and the Export Credit Guarantee Department.

This decision will be announced in the Commons in the next few days and will push the co-operative towards closure.

Earlier this week the enterprise's 460 workers were put on a two-day week because of shortage of orders.

The request for the debts to be waived was made by Mr. Harry Hooper, chairman of Armstrong Equipment, a Hull-based engineering company.

Last month he said he would mount a rescue for the co-op providing he did not have to inherit its debts.

There was some Ministerial sympathy for the waiving of loans and interest — about £5.85m — owed to the Industry Department because the Government would gain nothing by forcing the co-op into liquidation.

But Mr. Hooper then made it clear in a letter to Sir Keith Joseph, Industry Secretary, that he also wanted ECGD debts of £5.34m cancelled.

This raised legal as well as political issues. Ministers from the Departments of Trade and Industry have decided that Mr. Hooper's price is too high, especially since some of the ECGD cash is recoverable.

It remains to be seen whether Mr. Hooper is prepared to continue negotiations with the Government. Last night he would make no comment.

The possibility of an Armstrong takeover was announced shortly after attempts to arrange a rescue by Japanese interests failed.

Tractor maker will shed 740 workers

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

INTERNATIONAL Harvester is reducing its workforce in the UK by about 12 per cent because of the slump in demand for agricultural and construction equipment. A total of 740 of the company's 6,103 employees will lose their jobs, mostly in its Doncaster factory.

Employees have been told International Harvester has recorded a "major loss" in this country so far this year, and "has no realistic hope of a return to profitability over the rest of the year." Last year International Harvester of Great Britain made a profit of £3.4m before tax.

The company says the continuing recession has forced a drastic reduction in its manufacturing programme for 1981. High interest rates and the strong pound have contributed to its action. It exports 70 per cent of the output of its Doncaster and Bradford factories.

The situation has been made worse by the fact that International Harvester in the U.S. has lost £200m in the first six months of the year, and has decided to withdraw from the market one of its new construction machines made at Doncaster. The U.S. tractor market has slumped this year, again affecting Doncaster, where the smaller International Harvester tracter sold in the U.S. is made.

International Harvester, with Massey Ferguson, David Brown and Ford, is one of four American-owned multinationals making tractors in the UK for sale locally and internationally.

All have been hit by the falling demand for tractors, both in the UK, where tractor sales have fallen about 25 per cent this year, and abroad.

International Harvester has already reduced its workforce from 6,615 to 6,103 in the past year, and most of the Doncaster workforce is on a three or four day week. The smaller Bradford factory is working 4½ days a week.

Panther car company to close

BY JOHN GRIFFITHS

RECEIVERS at Panther Westwinds, the Surrey-based specialist car maker, will close the company in October unless a buyer is found.

Panther has maintained production of its full range of cars since last December, when Midland Bank first called in Deloitte receivers Mr. Ian Bond and Mr. Alan Barrett.

Since then they have negotiated with a number of potential buyers without success. However, Mr. Richard Govett, of the Panther staff, said yesterday talks were still going on with interested parties.

Closure of Panther would mean the loss of 50 jobs. Before the receivership the company employed 200 workers.

Panther's principal products are the Lima sports car, based on Vauxhall components, its large J72 "replica" saloons, and the Panther six-wheeler. It has also been painting and finishing sports cars for the AC Cars company.

Panther's problems are attributed to an over-rapid expansion of the business started in the early 1970s by Mr. Robert Jankel.

Instead of concentrating on a small model range and producing at a level below existing demand—a path followed successfully by Morgan—Panther expanded its premises and diversified into a number of other projects, not least the Panther, a six-wheeler which was costly to develop. A buyer is being sought for the second of only two cars to be built at an asking price of over £60,000.

When Midland called in the receivers, Panther's debts were believed to be over £500,000.

Mr. Govett said yesterday he remained optimistic that a buyer for the company would be found in time. "The company is operating viably. The closure decision is based on the fact that Midland and the receivers are simply not prepared to continue in the car manufacturing business."

Meanwhile, BL is calling for 400 voluntary redundancies at its Swindon, Pressed Steel Fisher body plant. There were three reasons for this move:

- The ending in two months' time of MG sports car production. Before demand for the cars slumped, PSF was providing 600 bodies a week.
- Cuts in production of the Solihull-produced Rover saloon and Triumph TR-7 sports car.
- The 6,000 workers making the Rover and TR models have been placed on short-time, possibly until Christmas.

Six-year low in building inquiries

THE LEVEL of new inquiries for building work is falling faster than at any stage since early 1974, says the state of trade inquiry by the National Federation of Building Trades Employers.

In the survey of 600 NFBTE member-firms last month nearly 60 per cent of respondents reported a fall in new inquiries against the first quarter of this year.

Even the previously buoyant repair, maintenance and improvement field shows signs of wear and tear, with only 14 per cent of replies reporting an increase in such inquiries, and 42 a decline.

Loch Lomond hotel plan

EUROPEAN FERRIES wants to build a 200-room hotel, with conference facilities, a marina and 100 holiday lodges, at a cost of £5m on the shores of Loch Lomond. It seeks planning permission in partnership with Luss Estates, owners of a 200-acre site. The area is described as "unsightly" because of gravel workings.

Work on the project would be likely to start next year, and the scheme to open in 1983.

Car premium boost

ROYAL INSURANCE announced a substantial increase in motor premiums. About 500,000 insured with it will pay on average 16 per cent more from October 1.

Nation Life suit

NATION LIFE Insurance Company, which went into liquidation six years ago, seeks damages from Mr. William Stern, its former chief executive, and from its advisers, over purchase of the Bournemouth property complex stated to have brought about the collapse of the company.

Humber tolls set

MR. NORMAN FOWLER, Minister of Transport, has approved a maximum tolls structure for the Humber Bridge when it opens early next year which will apply until 1984. Maximum tolls are: Motorcycles 70p; cars and light vans £1.50; light commercial vehicles, minibuses, cars and light vans with trailers £2.90; heavy commercial vehicles £5.20 (two axles); £6.60 (three axles); £8 (four or more axles); buses and coaches £5.20.

Seacats for Navy

THE ROYAL NAVY has placed a contract with Short Brothers, the Government-owned Belfast company, for Seacat close-range anti-aircraft missiles. The company said this would confirm the missile's service life on RN ships well into the 1990s. It did not disclose the value of the contract but said it was "multi-million."

£2m drink probe

THE GOVERNMENT is to set up a £2m trust fund for education and research into problems of alcoholism, Mr. William Whitelaw, the Home Secretary, said yesterday.

More violence

CRIMES OF VIOLENCE in England and Wales rose by 8 per cent last year, though the overall number of serious crimes fell slightly, Sir James Crane, Chief Inspector of Constabulary, said.

Secretarial slump

DEMAND FOR secretaries fell by 26 per cent in the three months to May, against the same months last year, said a survey by Alfred Marks Bureau.

Biocides plant

ICI ORGANICS division has brought on stream a £5.5m plant at Huddersfield to produce proxel biocides used in control of micro-organisms in many water-based industrial products.

£650 for Victorian bicycle

By Antony Thorncroft

AT BONHAMS yesterday a volume of 50 hand-coloured etchings of views on the Rhine by Laurens Janscha compiled by Johan Ziegler and published in 1798, sold for £32,000 to an English dealer. In June Phillips sold a similar volume, with five fewer plates, for £19,500.

Christie's jewels sale totalled £256,781 with a highest price of £12,500 for a pear-shaped diamond two-stone ring while art reference books brought in £36,051 with a top price of £1,200 for the Mellstock edition of Thomas Hardy's works.

At Phillips a 19th century penny-farthing bicycle sold for £650 and in a ceramics sale two Meissen figures of a shoemaker and his companion realised £2,400. A single plate decorated with the arms of the Prince of Wales, made for him in 1815 by the Worcester factory of Flight Barr and Barr, went for £1,000.

Rover Triumph head resigns after reshuffle

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR. JEFF HERBERT, managing director of Rover Triumph, has resigned after other boardroom changes in the BL Cars division.

Mr. Harold Musgrove, chairman of the Austin Morris volume cars division, has also been appointed chairman of Rover Triumph. This is intended to increase co-operation between the companies on the use of components and engines.

BL said last night that Mr. Herbert's resignation had been accepted with regret, and that he wanted to "widen his considerable experience by pursuing a career in the engineering industry."

Mr. Herbert's departure is not thought to be connected with the management changes. Still only 38, he was one of the senior appointments made by Sir Michael Edwardes, the BL chairman. He was recruited from Perkins Engines in 1977, as director of production and plant engineering for BL cars.

However since he took over the job in March 1978, the company has been subjected to many cuts.

By this autumn, the workforce of 14,000 will have been run down to 5,000. Nearly 8,000 jobs will have gone at Triumph, Canley, Coventry. The Dolomite and Spitfire models are being phashed out and production of the TR7 has been transferred to Rover, at Solihull.

Because of the depressed demand for cars, the 3,000 employed on assembling TR7s and Rover saloons as Solihull are expected to work a four-day week, probably until the end of the year.

The increased responsibility for Mr. Musgrove underlines the way responsibility for the operation of the cars division is being centralised. Mr. Ray Horrocks, originally recruited as managing director of Austin Morris, is already head of BL Cars.

One of the first actions by Sir Michael was to divide the previous Leyland Cars into three roughly equal companies, each with 40,000 workers—Austin Morris, BL Components and Jaguar Rover Triumph.

Those companies have subsequently been further divided under the overall control of a strengthened BL Cars board.

British Rail freezes recruitment cash

BY LYNTON McLAIN

BRITISH RAIL has frozen indefinitely its allotment to recruit staff, although it has 11,000 vacancies. At the same time, it is seeking to cut costs by £60m by the end of 1982.

BR said it had not imposed a ban on recruitment but had to freeze the staff budget because of its "perilous cash position."

A record £24m was lost by BR in the first half of this year, almost two and a half times the loss for the first half of 1979, the first loss of three years.

Train crews costs last year absorbed more than £225m. The wage bill has already risen 20 per cent because of this year's pay agreement with unions.

BR is still trying to secure part of the productivity element which was agreed within the pay settlement with unions.

These productivity elements and the scrapping of old equipment are designed to save £60m in the next two years, in addition to an immediate £18m reduction in costs.

Up to 60 old locomotives will be taken out of service because of reduced demand for BR freight services. Freight wagons are being scrapped or stored to cut maintenance costs.

British Gas chairman hits back at Government

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A SHARP ATTACK on Government handling of the Monopolies and Mergers Commission report on gas appliances, which strongly criticised British Gas, was made yesterday by Sir Denis Rooke, British Gas chairman.

Sir Denis criticised statements by the Department of Trade and Mrs. Sally Oppenheim, Consumer Affairs Minister, for not drawing attention to good points made about British Gas by the commission.

The Department of Trade said last night that its Press statement pointed merely to the main conclusions of the commission's report.

It found that British Gas's monopoly in appliance retailing was "against the public interest." In the Government statement the second paragraph drew attention to the commission's favourable comments, the department said.

Leonard van Geest dies

MR. LEONARD VAN GEEST, chairman of Geest Holdings, one of Britain's biggest private companies, has died after a short illness. He was 65.

Mr. van Geest came to England from Holland in the mid '30s to join his elder brother John in establishing a company to produce and market horticultural produce. It soon expanded into shipping, and Fyffes' dominant position in the UK banana trade.

Under the leadership of the two brothers the company created an efficient marketing system for the banana crop of the Windward Islands. In the last few years the group, with its headquarters at Spalding, Lincs, has diversified into new areas, including computers, manual handling equipment and trailers.

Mr. van Geest leaves a wife and three children. His son Leonard is managing director of Geest Foods. No new chairman of Geest Holdings has yet been appointed.

Council to cut its costs by £20m

By Rhys David

A £20M PACKAGE of measures including cuts of council house rent incomes aimed at steering Manchester away from a major deficit this year, was agreed by the Labour-controlled council in a stormy debate yesterday.

The council was warned last month by its Treasurer's Department that because of high interest rates, high wage settlements and other rising costs, expenditure in the current financial year was likely—on most probable forecasts—to exceed income by £21.7m.

Yesterday's measures involve cuts of £14.8m by council departments each of which was asked to submit a list of possible savings. In addition, the city's 110,000 council house tenants, two-thirds of all Manchester householders, will have their rents increased from September 29 by an average of £1.75p a week and up to a maximum of £2.50 a week. Tenants of overspill estates outside the city boundaries will pay an additional 96p in rent, over and above the increase.

Other savings will result from charges on planning applications and from the leasing of refuse vehicles.

The biggest savings will come from cutting the education department budget in the current year by £6.28m through a reduction in the number of posts, cuts in administration an provision of fewer school meals an concessions to needy children.

The city direct works department is to cut its spending by £2.4m and the social services department, whose budget was increased this year by 20 per cent will now cut its spending by £1.7m.

Other big cuts will be made in recreation (£1m); environmental services (£1m); housing (£671,000); and cultural services (£441,000).

Manchester as a major employer has been hit particularly hard by wage inflation over the past year. As well as running one of Britain's biggest direct works department, the city has a 50 per cent share in Manchester Airport and employs altogether 42,000 people. This is equivalent to roughly one in 12 of the total population.

Welsh agencies defended

By Robin Reeves, Welsh Correspondent

A STRONG attack against demands for greater co-ordination and streamlining of Welsh economic development bodies was made by Mr. Emry Roberts, chairman of the Development Board for Rural Wales, in Cardiff yesterday.

Presenting the board's annual report, Mr. Roberts demanded to know who would co-ordinate the co-ordinators. "Anybody with any practical knowledge of industrial promotion work knows it would mean stifling of initiative and submitting to bureaucrats," he said.

Mr. Roberts was speaking on the eve of publication of a Commons Select Committee report on creating new employment opportunities in Wales. The CBI has urged that the existing job creating machinery be streamlined.

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Fuel costs blamed for BA's low profit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' pre-tax profit nf £20m for the 1979-80 financial year (£90m in 1978-79) would bave been substantially higher if the airline had been able to raise fares more quickly to compensate for rising fuel bills.

Mr. Ross Stainton, chairman of BA, said in Loodoo yesterday the airline "could take some satisfaction" in the profit at a time of recession, "when British companles are daily reportiog gloomy results, and the world's airlines are reporting poorer profits and even losses."

The profit after tax and dlvidend payments was £4m, compared with £62m io the previous financial year (1978-79).

Turnover from all activities was up £280m to £192bn. Passengers carried on scheduled services rose 10 per ceot

The main cootributory factors to this year's much lower profit were the current recessioo (which affected traffic in some markets), coupled wlth inflation —particularly the soaring cost of fuel. The strength of the pound against the dollar had also made an impact.

Last year the airlioe's fuel bill rose 72 per cent, from £240m to £413m. It accounted for a quarter of the airline's costs. This year it will account for 30 per cent of costs. "By the end of the year we expect it to exceed overall staff costs as the major item of expeoditure," said Mr. Staintoo.

Tbe airline suffered because of delays in being able to compensate for rising fuel costs through fares increases, he said. These have to be approved by the Civil Aviation Authority in the UK and other governments overseas.

Last year the airline suffered a "reveoue gap" of £80m between fuel price rises and subsequent compensatory fares increases. If the government bodies involved had acted more swiftly in apprnving fares increases, this revenue gap would bave been reduced and the airline's profits would have been substantially better.

Mr. Stainton was critical of other increases in charges imposed by various bodies, especially those covering airports, navigation facillties, communicatlons and air traffic control. All these "surge ever upwards," and this was especially true in Britain.

"Io the last 24 bours, we bave learned of a massive jump in the Civil Aviatioo Authority's charges. These include a 100 per ceot lncrease in the cost of roote licences, which alone will add £350,000 to our bill this year."

Mr. Staioton offered no prospect of any improvement in business conditions for the airlioe in the current financial year.

"The present financial year has not got away to a very bappy start, and we see no prospect of an early improvemeot to the difficult trading conditioos."

The airline bas already annouoced plans to deal witb this, by cutting spendiog, selling off some of its older aod less efficieot aircraft, and trimming staff numbers hy about 3,000 in the current year.

But the re-equipment programme remained intact. The airline had been able, despite its lower profit, to finance from its own resources about £125m of the year's capital programme (mainly for new aircraft) of £296m.

"Our course is clcar. While we continue our relentless drive to increase our efficiency and lower our costs, we sball also fight hard to retain our share of every worthwblle market in which we now trade."

Tbia was wby the airline had this week announced lower fares at the cbeaper end of the market on the North Atlantic air route.

At the aame time, the airline would continue with its longer-term plans for cbeaper fares in Western Europe, including spreading to other routes the oew Club Class experiment on the London-Paris route.

"It is a product that ls related more precisely to the changing market, wbich provides attractive fares levels in all significant sectors of the market, and yet whicb offers the airline the economies that derive from a simplified product and from flexibility of approach to the differiog markets of Europe."

No hope of coffee price cut despite market fall

By John Edwards, Commodities Editor

COFFEE PRICES in the shops are unlikely to be cut for the time being at least, despite the fall in raw coffee values this week to the lowest levels for four years on the London futures market. Coffee companies pointed out that they had not raised retail prices wheo the London market rose to a peak of £1,800 a tonne in May on fears of frost damage to the crop in Brazil, which accounted for roughly a third of tbe world's supply.

The recent collapse in the market to below £1,200 has reduced the average price so far this year to around £1,500. But manufacturers say market cooditions are highly volatile and no decision about retail prices can he takeo until after the Brazil frost danger period ends in early September.

Even without a frost it is thought market values might well pick up since roasters will have to start buying to replenlsh their stocks.

Tbe last rise in UK retail coffee prices was in the second half of 1979 following the introduction of new metric packs of 100 grammes instead of 4 oz jars. This amounted to about a 12 per ceot increase. Since then there have been considerable increases io all production costs.

How Derby gives the disabled a chance

JOURNEY ROUND ENGLAND

BT ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

IT IS surprising what a couple of days' sunshine will do for the countryside. Cromer may bave been battered by the rain, bnt tbe sun has quickly polished the wheat to a golden colour.

There is plenty of opportunity to admire this sudden transformation on the journey from Cromer to Derby. Tbe roads across the top of Norfolk and the bottom of Lincolnshire pass through land which made British farming among tbe best in the world.

Derby is a different cup of tea altogether. It is a home of high-precision engineering, personified by Rolls-Royce and British Rail's workshops where work is io progress on high-speed trains.

Unemployment is low and wages are good in Derby. But there are always those less well off, oot only materially but also physically.

On the Ascot Drive estate Remploy is doing something to rehabilitate a small group of these meo and women.

Remploy was the hrainchild of Ernest Bevin when he was Minister of Labour at the end of the last war. The intention was to provide jobs for tbose disabled in tbe fighting—jobs they could hold on merit and whose products would be sold on the open market.

The first Remploy factory was opeoed at Bridgend in 1947, and oow there are 89 of them employing more than 8,000 severely disabled people in the manufacture of leather and textile goods and furniture or in assembling and packagiog.

The Derby factory is the most modern. It hegan operations 15 months ago but was officially opeoed onyl a fortnight ago. Its manager, Ken Harrison, bas been with Remploy for 11 years. He was transferred from the Stoke plant to run Derby.

"Derby was a bit of a blackspot four years ago," he explains, "and so we decided to open a worksbop here. But, frankly, I've been a bit disappointed at the response.

"A number of the disabled seem to bave disappeared. We tbougbt there were about 400 in the town but it seems that only balf that number are here now. Some, of course, are probably still bere hut have gone off the register of disabled kept by the Maopower Services Commission."

Mr. Harrison has 60 severely disabled working for him and expects to reach his maximum of 80 before loog. The response from those employed has been good. Labour turnover is low, shopfloor friction non-existent and time-keeping good.

If this is the sort of response you migbt imagine from someone glad to bave a job of any sort, it has to be remembered that Remploy factories work to exactly the same norms as any other workplace. There is a 39-hour week, union representation and the men and womeo are paid the usual rate for the job.

Mr. Harrison's plaot produces protective clothing for orders won in open competition. The average wage is £55 a week, topped up by a joh evaluation scheme and bonuses. The good worker could take home nearly £80 a week, tbougb the average for a trained person is ahout £60, not too different from the average in the textile trade.

In the past decade there has been one very big change in the needs that Remploy has to meet. Today, six workers out of every 10 io its plant are suffering from some sort of nervous or meotal disorder, rather thao a physical one.

According to Alan Harris, Remploy's East Midlands area maoager: "The severe disabilities whicb people have now are more likely to be epilepsy, psychiatric aod oervous disorders.

"The reason is simple. Everyone in industry is far more conscious now of safety at work and tbere are oot the number of had accidents that once happened. Look how everybody oo iodustrial sites wears a hard bat."

The other big cbange that has taken place is tbat managers bave more autonomy than they once had. "We are given targets and budgets," Keo Harrisoo says, "and we bave to meet them.

"We bave to meet those within the constraints of having a workforce largely composed of tbe severely disabled.

"Right now we are making donkey jackets, overalls and other protective coats for the Post Office, British Rail and the Army. Those have to be as good as any other these people cao buy, and they are. Quality control is very important here."

It is not generally known that, by law, 3 per cent of the staff of every company employing more than 20 people bave to be severely disabled. As I headed north I wondered just how uiany firms were breaking this particular law.

Next week

Fishing in deep waters in Scarbnrough.

Protest at increase in aviation charges

UK airlines and other air transport users are to protest to the Government about increased charges proposed hy the Clvil Aviation Authority, writes Micbael Donne.

Mr. Rex Smith, cbairman of the British Civil Aviation Standing Confereoce, which represents 90 per cent of UK aircraft operators, said yesterday they were "deeply concerned" at the proposed rises, "particularly as they come just six months after the last round of extra charges.

"We lntend to make strong representations to the Government, and bave arranged to meet Mr. Norman Tehbitt, Parliamentary Uoder Secretary of State for Trade, io Whiteball next Monday."

Mr. Smith warned that consumers could face higher fares and cargo rates if the proposed increases in the CAA's cbarges went through.

Sir Nigel Foulkes, chairman of the Civil Avlation Authority, said earlier this week the authority's various charges for such things as en route navigatioo, air traffic control, safety and other facilities would bave to rise by up to 30 per cent to meet the Authority's rising costs.

S. Wales coal loss up fivefold to £47m

By Robin Reeves, Welsh Correspondent

A £47m LOSS, five times last year's, was recorded by the South Wales Goalfield in the last financial year, the NGB reported yesterday.

The deterioration was caused by the sharp fall in offtake of coking coal by the steel industry, and lower output and productivity stemming from a bad year of geological difficulties in Welsh deep mining. Deep mine losses rose £41m to £60m, and open-cast profits rose only £10m to £13.

Though this year's first-quarter results are the best for eight years, with productivity and output up 4 per cent on a previously good year, Mr. Philip Weekes, NCB South Wales director said the coalfield's losses could no longer be ignored. They risked damaging the rest of the indnstry.

This remark was aimed particularly at the South Wales miners' leadership, which is boycotting the NCB joint pit review machinery because of threatened mine closures.

BSC's offtake of Welsh coking coal has been more than halved as a result of the cut in South Wales steel production

Stonefield Vehicles to go into receivership

BY JOHN GRIFFITHS

STONEFIELD VEHICLES, the Ayrshire cross-country vehicle maker in which the Scottish Development Agency has invested £4m, is to go into receivership.

Tozer Kemsley Millbourn, the motor distribution and trading group, decided yesterday not to exercise the option to buy Stonefield which it signed in mid-June.

The option provided for TKM to buy the development agency's 75 per cent stake in Stonefield and to be given the right to acquire the remaining 25 per cent by 1985.

The asking price was not disclosed, but the agency said yesterday that while TKM bad been satisfied with the vehicle's design, it did not expect enough sales to justify the investment needed to continue production and build up a service network.

The Stonefield is a £12,000 multipurpose vehicle which it was hoped would attract 2,000 military and other orders a year. Some overseas orders were won, but the Ministry of Defence — potentially the biggest customer—took far longer than expected to approve the vehicle

Bank of England profits decline

BY DAVID MARSH

THE Bank of England suffered a drop in profits last year, mainly as a result of severance payments to staff who became surplus to requirements after last autumn's abolition of exchange controls.

The bank reduced the number of employees on its payroll by about 1,000, or 22 per cent, in the year to March. This largely reflected the voluntary severance scheme.

Compensation payable under the scheme, together with additional provisions for retirement benefits, cost the bank £14.1m in the year ended last February, according to the bank's accounts published yesterday.

The banking department's operating profit fell to £25.6m from £28.1m in 1979. After payments to the Treasury, the pre-tax profit fell to £19.1m from £20.6m.

On a current cost accounting basis, the fall was even more marked, with the operating profit dropping to £12.8m from £22.8m and pre-tax profit declining to £6.3m from £15.3m.

Brokers 'misappropriated funds'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THERE WERE indications that Lloyd's underwriter and broker Mr. Christopher Moran had been guilty of the gravest misconduct, involving the misappropriation by his broking company of funds belonging to the members of Syndicate 566, the Court of Appeal was told yesterday.

In evidence read to the court, Mr. Charles Cibb, a deputy chairman of Lloyd's, said he and two other senior officers of Lloyd's had reached that view after complaints against Mr. Moran had been investigated by a Rota Committee.

They had concluded that there was prima facie evidence of grave breaches by the broking company, Christopher Moran and Go., and the underwriting agent, Harman Hedley Agencies, an associated company of the Moran group, of their duties to others in the Lloyd's community.

Lloyd's is opposing an appeal by Mr. Moran against a High Court judge's refusal to grant a temporary order stopping Lloyd's going ahead with disciplinary proceedings against him.

The judge said there was a "triable issue" on Mr. Moran's allegation that a member of the Rota Committee, Mr. Paul Dixey, former Lloyd's chairman, was biased against him, but that, on the balance of convenience, it was not a case where an injunction should be granted.

Lloyd's is cross-appealing on the finding on bias.

Mr. Peter Scott, QC, for Lloyds, said it was inevitable that disciplinary proceedings would be taken against Mr. Moran, whatever the outcome of his court action.

If Lloyds lost, it could frame charges without using the report of the Rota Committee.

Mr. Scott read an affidavit in which Mr. Cibb said information given to him by the joint auditors of Syndicate 566 had indicated that further investigation was required as there appeared to be something very wrong with the operation of the binding authority by the broking company.

The hearing continues today.

Civil service unions fear restrictions in pay negotiations

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT is considering further changes in the 25-year-old pay research system for the Civil Service, which could reduce the freedom of civil service unions to negotiate over fringe benefits and other points in annual pay talks.

The proposed alterations to Civil Service pay negotiating methods follow already-disclosed changes in pay determination for the service which include regional pay negotiations, merit payments for increased efficiency and productivity, "range" pay for senior civil servants to give greater flexibility, and the abolition of automatic annual increments for Civil Service staff.

Civil Service Department studies of all these changes are already well advanced, and the first formal details of these and the further changes are expected to be given to the civil service unions tomorrow at a meeting with Lord Soames, the Lord President of the Council, and Mr. Paul Chanon, Civil Service Minister.

The two Ministers are expected to suggest talks between CSD officials and the unions on details of the changes and how they can be effected.

The Prime Minister is believed to support the proposed changes, though she is thought to favour the retention of the service's Pay Research system, because of the sophistication of its operation in contrast to that of the Clegg Commission on pay comparability.

The further changes concern the operation of the Pay Research Unit, which compares civil service pay with that of comparable outside jobs, although at present it merely presents its findings rather than recommending any increases.

The Unit would be strengthened by the appointment of an outside director, and its terms of reference altered to allow it to take into account more directly the levels of previous civil service settlements when drawing up its reports.

The other main change would be to remove from the CSD the responsibility for negotiating on some non-pay elements of the PRU reports. These include fringe benefits like subsidised meals and company cars, and elements seen traditionally as unquantifiable, such as job security and mobility.

Some union officials are concerned that such changes might seriously reduce the role of unions in pay negotiations for the service. Even if the Government were to guarantee the service's pay agreement on the basis of the acceptance of all the changes, the unions would not readily agree to them.

Senior civil servants—including Sir Ian Bancroft, Head of the Home Civil Service—and departmental permanent secretaries promised yesterday to convey to Ministers the unions' concern about the Government's attitude towards civil service pay, manpower and arbitration agreements.

The unions' protest was made during a rare meeting of the full National Whitley Council of the service.

Inspections prompted arrears payments

By Nick Garnett, Labour Staff

ALMOST A third of the establishments inspected last year by the wages inspectorate subsequently paid wage and holiday pay arrears, according to figures in the Department of Employment's Gazette.

These establishments were among the 390,000 whose wage rates are fixed by wages councils: 34,800 establishments were inspected last year, covering 190,000 workers.

As a result of the inspections, 11,000 establishments made payments of wage and holiday pay arrears, and slightly more than £1.5m in back pay was handed over to more than 22,000 workers who were being paid less than the statutory minimum. There were 6,970 complaints to the inspectorate about wages and conditions allegedly below the minimum.

Homeworking was one of the main areas covered by the wages inspectorate. Just over 3,500 homeworkers had their pay investigated, and 99 were found to receive pay below the statutory minimum.

A special investigation of 486 homeworkers in the clothing industry in three London boroughs and in Walsall showed that none were being underpaid.

Last year, six employers had civil proceedings taken against them for making payments below the statutory minimum, and judgments were given against them in all cases. Twelve employers were prosecuted under the Wages Council Acts, and all were found guilty.

● According to provisional figures, there were 334,000 working days lost as a result of stoppages during July. This is the lowest figure—except for last December—since the middle of 1977. About 74,000 workers were involved in the stoppages.

Prominent stoppages listed by the Employment Gazette included a 15-week strike at a Huddersfield engineering company, the BBC musicians' dispute, a dispute over working practices at a BL plant in Birmingham, and a construction site dispute in Pembroke, Wales.

● Household spending averaged £94.17 a week last year, more than 17 per cent higher than 1978's figure, according to the early results of the family expenditure survey reported in the Employment Gazette. The survey is based on 6,777 households.

Expenditure per person was almost £35 a week. In real terms—allowing for the 13.4 per cent increase in retail prices—expenditure per person last year was 4.2 per cent above that in 1978.

Durable household goods, transport and services all accounted for increases in spending of more than 20 per cent. Rises in spending on housing, fuel and food were below the average. The share of food in the household budget was 23 per cent.

Cash crisis sinking British Shipbuilders

BY WILLIAM HALL, SHIPPING CORRESPONDENT

WHEN THE Government came to power last year it agreed to support British Shipbuilders for two years while the industry shed its surplus labour and pruned its capacity by about a third.

The restructuring is nearly complete. The unions accepted a moderate wage award this year and the industry has won enough orders to keep most of its main yards busy until well into 1981.

But for British Shipbuilders the honeymoon period with the Government has finished a year early. The corporation has warned it is going to run out of money well before the end of the year, and for its part, the Government is seriously considering denationalising the three warship yards—the only profitable part of the industry.

The cash crisis and uncertainty about the future could not have come at a worse time for British Shipbuilders and Mr. Robert Atkinson, its new chairman.

As its 1979-80 annual report shows, the last 12 months have been far from easy. British Shipbuilders' trading loss more than doubled to £109.9m, and after adding on the £42.6m restructuring costs, the overall loss for the year comes to £152.3m, compared with £60.3m the previous year.

In common with all European shipbuilders, the state-owned company has had to accept that the Japanese have taken most of the increase in world shipbuilding orders.

Japanese yards had undertaken to reduce their annual capacity from 8.1m compensated gross registered tonnes (c.grt) in 1976 to 2.7m last year.

But the Japanese produced 4.95m c.grt in 1979 — against Britain's 0.45 c.grt. The recent surge in orders in the first quarter of 1980 — Japan won 60 per cent versus the EEC's 8 per cent — suggests Japanese output will maintain its recent high levels.

On top of the problems caused by the surplus world shipbuilding capacity, which is being exacerbated by the Japanese, British Shipbuilders have faced special problems. The strength of sterling relative to the yen means UK shipbuilding prices have remained virtually unchanged since 1974 despite the high rate of UK inflation.

British Shipbuilders has also suffered because it has not been accorded the same preferential treatment which most European industries enjoy.

When it framed its restructuring plans, British Shipbuilders built in certain levels of promised public sector orders.

But in the last year almost half the promised naval work failed to materialise and the majority of public sector orders did not appear. This left British Shipbuilders employing men for whom there was no work.

The company feels it is a victim of the level of ordering by domestic shipowners. Mr. Atkinson said yesterday that if every UK shipowner ordered in UK yards, the industry would be 2.6 times bigger than it is today and the endless decline of shipbuilding communities in Scotland, the North-East and Merseyside could be reversed overnight.

At the moment only half UK shipowners' requirements are met by UK shipyards. This low proportion is in marked contrast to most other countries where the yards rely on their owners to provide the base load.

Most foreign countries now offer better domestic credit terms than Britain in their efforts to get domestic owners to order locally.

It is against this background that British Shipbuilders feels it can justify its case for additional financial assistance.

On present form it is expecting to exceed its 1980-81 external financing limit of £120m by some £60m. Mr. Atkinson intends to submit a report by the end of August on the level of support necessary to keep the industry going.

The performance of individual sectors in British Shipbuilders varied enormously last year.

● Naval yards: All three big naval yards increased their profits substantially last year. But Vosper Thorneycroft on the Solent was the star performer, registering more than doubled profits.

The submarine programme, associated with Trident, will mean a huge increase in work for Vickers but it has repercussions for the other naval shipbuilders which could lead to less orders for conventional warships.

● Mixed yards: The three yards producing naval and merchant ships, Swan Hunter, Scott Lithgow and Cammell Laird, have been especially hard hit by the indecisions on public sector ordering. Scott Lithgow, which had special problems, lost £42.3m last year.

New management has been introduced and losses will be curbed substantially in the current year.

● Merchant shipbuilding: All of the specialised major merchant shipbuilders recorded increased losses last year. The labour force on merchant shipbuilding has been cut from 28,000 to 18-19,000 over the last year.

● Ship repair: Losses were cut from £16.2m to £10.1m last year and British Shipbuilders is forecasting the yards, the largest in Europe, will break even in the current year.

Ship repairing on the Thames was closed down and the overall numbers employed cut by a third to 4,600 over the past year.

● Engine building: Losses jumped from £2.1m to £11.1m last year but these have been contained following a major rationalisation which centres future engine production on John G. Kincaid on Clydeside and Clark Hawthorn on Tyneside.

BRITISH SHIPBUILDERS 1979/80

	Workforce	Turnover £m	Pre-tax profit/ (Loss) £m	Increase on 1978/79 (Decrease) %
NAVAL YARDS				
Vosper Thorneycroft	5,210	100.9	22.0	110
Vickers	8,536	198.1	14.5	61
Yarrow	5,359	59.8	6.8	118
Brooke Marine	785	10.4	1.3	(26)
MERCHANT/NAVAL				
Swan Hunter	9,768	90.7	(19.3)	23
Scott Lithgow	4,573	68.9	(42.3)	239
Cammell Laird	3,617	36.7	(9.8)	320
SPECIALIST MERCHANT				
Sunderland	3,654	47.6	(19.0)	n.a.
Govan	3,779	25.7	(17.4)	29
Smith's Dock	2,405	24.7	(11.8)	95
Austin and Pickersgill	2,989	45.8	(8.0)	705
SMALL YARDS				
Hall Russell	832	8.7	0.2	78
Goole	831	11.3	0.2	n.a.
Robb Caledon	1,529	15.7	(4.6)	(61)
Appledore	871	17.2	(2.5)	705
Ailsa	411	5.4	(1.4)	41
ENGINE BUILDING				
Clark Hawthorne	1,698	15.3	(7.2)	219
John Kincaid	1,285	9.6	(2.1)	n.a.
SHIP REPAIR	4,600	63.1	(10.1)*	(38)
ENGINEERING	7,500	84.9	(3.6)*	n.a.
OTHERS	800	30.5	(12.6)*	218

* Trading loss.

NUJ disciplinary action 'must await court ruling'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Journalists must not discipline members who disobeyed a strike instruction until a court has ruled on the legality of the strike, the House of Lords held yesterday.

Five Law Lords dismissed the union's challenge to temporary Appeal Court orders that disciplinary proceedings must not go ahead against journalists from Birmingham and Coventry who worked during the seven-week strike of provincial journalists in the winter of 1978.

Lord Diplock said that serious questions of disputed fact would have to be tried at the full hearing of the case.

The main issue was whether the strike call had affected a majority of the union's members. If it had, the union should, according to its rules, have balloted all members before calling a strike.

The union contended that a majority had not been affected, but, said Lord Diplock, the evidence as to numbers was "inadequate, inconclusive and conflicting."

The balance of convenience required that the injunction against the union be continued until the full trial, at which the Coventry and Birmingham journalists will argue that because there was no strike ballot the strike was unconstitutional.

Post Office computer staff press for increase

BY PHILIP BASSETT

LEADERS of 6,000 Post Office computer and clerical staff meet Sir William Barlow, the Post Office chairman, over pay tomorrow. They will warn of a repeat of last year's industrial action, which delayed issue of computer-processed telephone bills.

The Post Office group of the Society of Civil and Public Servants is pressing for a "consequential" increase to preserve differentials. These, it said, were distorted by the 6.3 per cent increase given by the Post Office to the Society of Post Office Executives last week. That increase was on top of a pay and productivity deal yielding an immediate 20 per cent with a further 3 per cent later.

The extra increase to SPOE was itself designed to take account of a 5½ per cent arbitration award earlier this year to members of the Post Office Engineering Union. SCPS is considering industrial action if tomorrow's meeting with Sir William produces few results.

However, about 37,000 Post Office members of the Civil and Public Service Association, mainly also employed in the telecommunications business, are close to agreeing a pay deal based on a 17 per cent increase with a further 2 per cent for productivity.

Catering staff 'worst treated'

By Our Labour Staff

THE catering industry treats its workers worse than any other industry, according to a report funded by the Equal Opportunities Commission and the Commission for Racial Equality.

The report, written by members of the North Kensington Law Centre and published by Counter Information Services says appalling working conditions are widespread with large numbers of workers surviving on perks and informal payments.

Reduced stock levels hit Scottish economy

THE DRIFT of the Scottish economy towards recession will continue into 1982, according to the Fraser of Allander Institute's quarterly economic commentary, published yesterday.

Industrial production had fallen severely in the first half of 1980 primarily as a result of the rapid reduction of stocks held by manufacturers, and the strength of the pound had damaged export prospects, it said.

The strength of sterling threatened a wider range of industries than those suffering from structural decline, and there was therefore a need to avoid further appreciation of sterling.

A partial solution would be for the UK to join the European Monetary System, which would ensure that the pound was closely tied to the major European currencies.

But Government strategy did not offer a coherent alternative. Present policy was not radically different from that pursued by the Labour Government following the intervention of the IMF in 1976, apart from the absence of a formal incomes policy.

The Government could interfere in wage determination, through its role as the major employer in the country, but it had so far been unsuccessful in controlling the wages of its own employees.

Gloomy outlook

Mr. David Bell, the editor of the commentary, said the immediate outlook was "very gloomy." But there were indications that the rate of inflation would drop by 2-3 per cent by the end of the year.

One ray of hope was that manufacturers presently reducing stock because of the high rate of interest would eventually have to rebuild stocks, and this should reverse the downward trend.

The commentary reports that the index of industrial production in Scotland for the fourth quarter of 1979 fell 0.4 per cent, bringing the level of real output in Scotland back to 1975 levels (excluding oil and gas exploration and extraction).

For the whole of the UK output increased 0.3 per cent over the same period, indicating once again the relative decline in Scotland's industrial performance.

The results of the third quarter, which indicated a marginal improvement in Scotland's relative performance, had not been sustained.

This was reinforced by examination of the output figures for 1979 as a whole, which show output declined 0.7 per cent in Scotland while the UK had a net increase of 0.2 per cent.

More potatoes planted

POTATO PLANTINGS registered by the UK Potato Marketing Board this year totalled 173,400, nearly 2,000 tonnes more than in 1979.

Most of the rise was for early varieties which were planted on about 40,000 hectares. Maincrop varieties increased by a little less than 1,000 tonnes to 133,000 hectares.

Pauline Clark reports on the Observer dispute

Parallels exist with 1978

FOR THE second time in two years about 1,000 staff on the Observer, Britain's oldest Sunday newspaper, are working under threat of closure because of a dispute with a comparatively small group of printers called machine managers.

In the May, 1978, dispute over manning levels in the machine room a solution was found in time which prevented dismissal notices actually being received by staff.

This time, last-minute intervention by the TUC failed to stop the issuing of notices which management said yesterday resulted from a board decision to produce the paper's last issue on October 19.

Notices were also issued in spite of a journalists' appeal to Atlantic Richfield on Tuesday night that the paper continue to be published under the present U.S. ownership.

Management has avoided reference to any parallels which may be drawn between today's problem and the industrial relations crisis two years ago.

Nevertheless, Mr. Brian Nicholson, joint managing director, gave a stark reminder of the 1978 problem yesterday. He indicated that requests had been made to national leaders of the National Graphical Association to take disciplinary action against its members in the paper's machine-managers chapel (union branch).

Fears that the leadership of the NGA—a union with its earliest roots in the provincial printing industry—has insufficient influence on its Fleet Street members arose when Observer machine minders defied national instructions to return to work in 1978.

They have been revived now following the chapel's rejection last weekend of a peace formula recommended for acceptance by NGA national leaders.

In the dispute over payment for production of a bigger newspaper, management has not improved on its long-standing £100.13 offer for the weekend shift in the face of an £108.13 claim.

Although NGA leaders agreed on the formula with management at last week's talks at the Advisory, Conciliation and Arbitration Service, it appears unlikely that union leaders will this time give early consideration to disciplinary action.

In 1978 the machine managers actually stopped work. They have not done that this time. In addition the NGA may find it difficult under its rules to take disciplinary action in a dispute which is about changes in working practices as well as money.

As important, however, are the lessons learned from the last dispute. The NGA instructions for a return to work were openly defied and even those who continued to work were eventually brought into line by the chapel.

Machine-managers' chapel leaders throughout Fleet Street jointly warned the 11 out of 25 who obeyed the NGA leadership that their other jobs on national papers would be at risk. They also insured that no replacements were found to run the machines while the dispute continued.

Since then, the Observer's machine-managers chapel has increased to 35 but their work is still on a "regular casual basis." This means that the branch remains dominated by the same printers who were involved in the previous dispute.

The rebelliousness of machine managers is the product of their unusual pattern of work. Most Observer machine managers have "regular casual" jobs with Fleet Street's daily newspapers and the pay is high. One estimate puts their average weekly earnings at £350 although machine managers deny the figure. At all events they do not depend for their living on the Observer alone.

Mr. Jeffrey Dongworth, machine-managers' chapel father (chairman) at the Observer, claims that disciplinary action by the NGA is unlikely for different reasons.

He points to statements from the union leadership since the weekend which confirmed continuing national support for the chapel.

The machine managers, meanwhile, insist they are anxious for a solution. Mr. Dongworth said yesterday that in spite of the "casual" description of the machine managers' job, most chapel members had strong loyalties to the paper.

Labour bid to abolish private schooling

By Michael Dixon, Education Correspondent

ABOLITION OF independent schools by either nationalising them or cutting off their sources of income should be a priority policy for the next Labour Government, says a report published by the Labour Party yesterday.

Although the report is described as a "discussion document" outlining "options for action," it clearly urges on the party's national executive a specific plan for driving private schooling out of the UK education system.

The main measure which the report says should be introduced by legislation "early in the lifetime of the next Labour Government," is the establishment of an agency to ensure the nationalisation of fee-charging schools, either voluntarily or forcibly.

Voluntary merger with the State system would be available to schools which agreed a development plan with the relevant local education authority, and satisfied the new agency that it met five criteria.

These would be that the school was willing to be used by the community as a whole, had the facilities necessary, did not charge fees for pupils sent privately, did not select pupils according to academic attainment or social or ethnic background, and was compatible with the State schools in the area.

Schools which so volunteered, and agreed to make the transition in a time acceptable to the agency, would receive an annual licence until the change was complete. Over this period, they would be allowed to continue charging fees for private pupils already enrolled.

The volunteers, of which some would become State boarding schools serving a number of local authorities, would continue to have the tax advantages of charitable status.

What happened to a private school which refused voluntary merger would depend primarily on whether the local authority wished to make use of its buildings and facilities.

A local authority wishing to use a school would have to prove the need before a public inquiry ordered by the Secretary of State for Education.

If the inquiry—probably headed by a state inspector of education — supported the authority, it would be empowered to take over the school. Compensation would be payable to the owners.

Private schools which did not become merged would have their charitable status and all support from central and local government withdrawn. They would also be banned from charging fees for private pupils.

This, the report concludes, "would of course finally abolish the private education sector in this country—with schools entering the *state* system or closing."

Minister unshaken by CBI gloom

BY IVOR OWEN

CONCERN generated by the latest CBI survey, which shows *many* businesses expect an even tougher struggle for survival as the recession bites still deeper, was acknowledged by Mr. David Mitchell, Under-Secretary for Industry, in the Commons last night.

But he refused to accept Opposition claims that the gloom resulting from the fact that business confidence is now lower than during the three-day week in 1974, reinforced the case for a change in the Government's economic policy.

Mr. Mitchell took heart from the fact that CBI leaders themselves, in spite of the grim indications provided by the survey, were not calling for a change of policy.

Amid derisive laughter from the Opposition benches, he stressed that the CBI had been *content* to express the hope that Government policy would "work soon."

Mr. Mitchell, who has special *responsibilities for small* businesses, added: "To that I say Amen, as do so many others."

He insisted there was a "subtle difference" between hoping the policy would work soon and the calls for a new approach.

"*This policy pursued* to its end will work, and produce what we need—sound money and no inflation and lower interest rates. That combination is the basis for business growth," said Mr. Mitchell.

ROSS: CBI survey "very frightening"

Echoing the "no U-turn" declaration made by the Prime Minister the day before, he said "to listen to the siren voices which press alternatives would be simply to restart the engine of inflation."

The Minister rejected a Liberal charge of Government "indifference" in the desperate plight of small enterprises throughout the UK as "plainly ridiculous."

Mr. Stephen Ross (Lib., Isle of Wight), who opened the debate described the findings of the CBI survey as "very frightening."

He said small businesses would be better served if, as during the period of the Lib-Lab pact, the Minister directly responsible for them had a seat in the Cabinet.

Mr. Ross said that although Mr. Mitchell's heart was known to be in the right place, he did not carry sufficient muscle to persuade his Treasury colleagues to adopt the policies needed to help smaller enterprises overcome some of their major problems.

Mr. Ross reported cases of "loyal Conservative businessmen" complaining that Government policies were driving *many* businesses into bankruptcy.

He spoke of small manufacturing enterprises being unable to meet their PAYE and VAT payments and of the devastating effects of "usury" rates of interest that had prevailed for far too long.

Mitchell: Echoed on U-turn declaration

To the cheers of his Liberal colleagues, Mr. Ross urged the Government to introduce an interest rate policy which discriminated in favour of manufacturing industry.

"If that means two-tier interest rates so be it," he said. He warned: "Unless first aid is provided now the patient will be dead and buried before this year is out."

Mr. David Penhaligon (Lib. Truro) described the difference between the Conservative Party's pre-election rhetoric on small businesses and its post-election performance as "one of the all-time rip-offs of British politics."

He pressed for Government intervention to secure a reduction in the sterling exchange rate so as to help industry become more competitive.

The only period during which unemployment had fallen in the last five years, he said, was when the pound had been relatively weak.

A Liberal motion condemning the Government's treatment of small businesses, was defeated by 310 votes to 245, a Government majority of 65.

WHITE PAPER ON BRITISH NATIONALITY LAW

Three classes of citizen proposed

BY PHILIP RAWSTORNE

THE GOVERNMENT yesterday published proposals for a new British Nationality law which would establish three separate classes of citizenship.

Only one class — British Citizenship—would have the automatic right to settle in this country.

The law will not alter the main terms of the Immigration Act but will effectively reduce long term immigration pressures.

No changes are proposed in the rights of Irish Republic nationals to live, work and vote in Britain—an issue which led to angry protests in the Commons from Conservative backbenchers.

Mr. William Whitelaw, Home Secretary, made it clear that the Government *would* resist the pressures to change the special relationship with the Irish Republic.

The Government *White Paper* —which is likely to be examined by a Commons Select Committee before legislation is *drafted* next session—proposes that the 1948 Act should be replaced by provisions for three forms of citizenship.

British citizenship would be conferred on some 57m people closely connected with the UK.

Citizenship of the British Dependent Territories for people connected with the dependencies; and British Overseas Citizenship for the remaining citizens of the UK and Colonies.

British citizenship would be acquired automatically by those who have:

- A right of abode in the UK through birth, adoption, naturalisation or, with some exceptions, registration in the UK;
- The right of abode by having a parent or grandparent born, adopted, naturalised or registered in the UK;
- Wives and widows of British citizens would also be granted British citizenship when the Act came into force.
- So would those who had come from overseas and *acquired the right of abode* through being lawfully settled here.

Citizens of the UK and colonies from overseas who have been lawfully here for less than five years would become British citizens on completing five years' residence, provided they were then free of conditions of stay.

Women would in future be treated on an equal basis with men.

At present, the wife of a UK and colonies citizen can be registered as one herself, but a husband has no corresponding right.

Under the Government's plans, the husband or wife would, like other adults, have to apply for naturalisation, but the qualifying period would be reduced from five years to three.

Wives who have an entitlement under existing law would have two years in which to exercise the right.

Some Commonwealth citizens settled in Britain since before *1973* would be *allowed* to register as British citizens for up to two years after the new Act comes into force.

Citizenship of the *British* dependent territories would be acquired under the same general pattern. This would *not give the right of entry to* a dependency other than that with which a person is connected.

British overseas citizenship would represent in essence the relationship with the UK held by people connected with countries which were once part of the British Empire, but who are not qualified for British citizenship or citizenship of the dependent territories.

Children born after the Act comes into force to parents who have become British overseas citizens will not themselves hold that citizenship.

Mr. Whitelaw told the Commons that the Government had decided not to introduce any restrictions on the holding of dual nationality by people who came here and acquired British citizenship by naturalisation or registration.

He also told MPs that the Government would continue to recognise the special position for immigration purposes of certain UK passport holders, mainly from East Africa, and would maintain its undertaking to continue the special voucher scheme for them.

All those who had citizenship of the UK and colonies when the Act came into force would acquire one of the new citizenships, he said.

Mr. Whitelaw said that no one who had the right of abode in this country would lose it, except for a small group, formerly stateless and most of them children, who had become patrial by registration overseas.

They would be given whichever citizenship their mothers acquired.

The new law would not adversely affect the position under the immigration law of *anyone* lawfully settled in the UK, nor would it affect the Government's commitment to admit the wives and dependent children of men settled here.

The term "British Subject" —there are 950m throughout the world—would no longer be used.

The only expression denoting the common status of all people connected with the Commonwealth, which would be used in the legislation would be "Commonwealth Citizen."

Joseph Garcia *in* Gibraltar *writes: Gibraltar has reacted* strongly against the British White Paper for a new law on nationality.

Sir Joshua Hassan, the Chief Minister, and Mr. Peter Isola, the Leader of the Opposition, say they are "most disturbed" at the implications of these proposals.

They have made the strongest representations to the Governor with a view *to reconsideration* insofar as the proposals would affect Gibraltarians.

The leaders stress what they describe as "the unique position of Gibraltar." They refer to the exceptionally close links which exist between Britain and Gibraltar, the Rock's *special* position in Europe which confers on Gibraltarians the international status of community nationals, and the limitations imposed on Gibraltar's constitutional development by Article 10 of the Treaty of Utrecht. Britain's legal title to the Rock.

Gibraltar argues that these special features are unparalleled in any *special treatment* for the Gibraltarians who attach vital *importance* to their British citizenship.

British Nationality Law, Command 7987, HMSO £2.25.

Benefits based on price increases may end

BY ELINOR GOODMAN, LOBBY STAFF

INCREASED PRESSURE on public spending targets for next year is forcing Ministers to consider breaking the link between some long term benefits, like supplementary benefit, and price increases.

Another alternative being floated is that some short term benefits might have to be cut next year in real terms by more *than* the 5 per cent reduction imposed this year.

Both possibilities have apparently been mooted during talks between the Treasury and the Department of Health and Social Security, as Ministers look for ways of achieving the broad targets for reduced public expenditure next year, agreed in March.

During similar bilateral discussions with the Department of Education, the Treasury is understood to have had great difficulty in persuading Ministers to come up with the cuts they want.

Mr. Mark Carlisle, Education Secretary, is said to have refused to go all the way to meeting the Treasury's demands, either on reducing proposed pay increases for teachers at schools and universities or in cutting education *services.*

The White Paper published in March set out a 1.2 per cent reduction in the volume of public spending for 1980-81 compared with this year. Within this total was a small fall in education *spending* and a small increase in the Department of Health and Social Security's total budget.

But despite this overall increase in DHSS spending, Ministers were going to have to cut programmes because of increased demand for other *services* coming out of the same budget—most notably those relating to the unemployed and elderly.

Now, however, Ministers have apparently been asked to prepare options for further cuts. According to one estimate, the DHSS may be required to cut another £110m from its planned expenditure on social services next year, and another £250m in 1982-83.

The need to prepare the ground for further cuts in spending next year apparently results *from* a combination of factors. Because of the recession, the projected cost of some programmes looks *like* being more than expected. There has also been an element of potential overspending in some departments.

At the same time, Ministers have agreed that more needs to be spent next year on employment *measures.* This additional money is having to be found from other budgets.

On top of this, the Department of Education has special problems of its own caused by the Government's defeat in the Lords over its proposals to charge for school transport. This meant that it lost over £35m worth of projected revenue.

During a series of meetings over the last few days, the Department of Education has apparently been arguing that it cannot find more than another £25m worth of cuts.

Bilateral discussions between the Treasury and spending departments usually take place at this time of year. During such discussions, adjustments for events since the original estimates were made, are *normal. The adjustments* this yeare are said to be relatively small.

The problem for some of the *spending Ministers this year is* that they feel that they have already scraped the barrel dry. Some argue that it would be better to let public sector borrowing rise a little next year than take *politically* unacceptable measures to get spending back on target.

As an example of the kind of measure which might be necessary, some Ministers are talking about having to break the link between price rises and social security benefits, like supplementary benefit, which until now has been regarded as the safety net for the unemployed.

Some Tory MPs were uneasy when the Government scrapped the link between increases in earnings and benefits, like pensions, and linked them instead with the increase in prices. *The Government would* almost certainly face trouble with a section of its own backbenchers if it were to go further down this road.

Even without the possibility of having to make further cuts next year, the DHSS was apparently including the possibility of further cuts in the real value of short term benefits in the list of options for possible economies.

The idea was explored earlier this year when the Government eventually opted for the plan to "abate" the increase in short term benefits, like maternity benefit, by 5 per cent on the grounds that if they had been taxed, they would have been reduced to this level in any case.

The Government could make another abatement this year. Alternatively, it could change the conditions for receiving some benefit—the death grant is already under review for example. The most politically sensitive option would be to cut the link between prices and old age pensions.

As always tends to happen during this kind of bilateral negotiation, there may be an element of scaremongering as Ministers try to defend their own patch.

But, given the restrictions on raising extra revenue—imposed by both the party manifesto and some of the Prime Minister's election speeches—it does look as if some extra cuts will have to be made, if the PSBR targets are to be met.

Defence budget row will go to Cabinet

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A MAJOR Whitehall row over possible adjustments to the defence budget of between *£400m* and *£500m* in the current financial year will have to be resolved by the full Cabinet within the next few days.

The conflict has not been resolved by talks between the Treasury and the Ministry of Defence or at a Cabinet committee.

The issue is regarded by the Treasury as a key indicator of the Government's desire to hold down public spending and borrowing and, in particular, to maintain the primacy of the cash *limit controls* on *money* outlays over the medium-term volume plans.

The Whitehall view is that, in *general,* central Government spending and borrowing are not significantly out of line with Budget expectations, in spite of a big bunching of *expenditure* at the start of the financial year.

The main exception is *defence where the threatened* overshoot is substantial. The problems started in 1979-80 when potential overspending led *to a £64m increase in the* cash limit this spring. In spite of this adjustment, preliminary estimates point to further overspending on procurement and accommodation in 1979-80.

According to previous *practice* there would have been a deduction in the cash limit for the current 1980-81 financial year to offset the overspend, but *this has not yet happened.*

The issue appears to have been subsumed in discussion about the current year's budget.

The Ministry of Defence has argued that it is doing its best to keep within its £10½bn limit but *that spending* is being pushed up because of a faster than expected rate of increase in the cost of defence equipment and because of the recession.

A decline in private sector work has had the result that defence contractors are completing their orders more quickly and are sending in their bills more promptly.

The Ministry of Defence has already cut more than £100m from other programmes in order *to offset this overspending.*

Mr. Francis Pym, Defence Secretary, has argued that, if the present cash limits are not changed, the faster rate of price inflation will result in a squeeze on the volume of spending which will undermine the UK's commitment to NATO to a 3 per cent annual rise in defence spending in real terms.

The total adjustment to current year cash limits needed to take account of the inflationary pressures and the absence of any deduction for last year's overspending appears to be between £400m and £500m.

The Treasury—and notably Mr. John Biffen, Chief Secretary—has challenged this view. He has argued that defence, like other departments, should live within its *cash limits* which must have precedence over plans in real or volume terms. This is seen as symbolically important for the credibility of the Government's strategy.

Preliminary discussions at a Cabinet committee suggested that some concessions might be made to the Ministry of Defence's view, possibly amounting to between £100m and £200m. The Treasury is still arguing this point since it believes some economies can be found within a £10½bn budget.

Tory peers may not 'go to the sea'

By Elinor Goodman, Lobby Staff

CONSERVATIVE PEERS may have to get permission from the Whips this year to go to the party conference.

Lord Carrington, the Foreign Secretary, and the likely hero of this year's conference, will almost certainly get a special dispensation to go down to Brighton for the day of the Foreign Affairs debate.

So, too, probably will other Ministers get permission to go to the conference on the day when their subjects are being debated.

But they may not be able to stay down by the sea for the duration of the conference. Instead, they look like being asked to return to the House of Lords. Lesser Peers *may* be discouraged from going to the conference at all, and be asked to man the division lobbies instead.

The problem arises because the Lords is reassembling after the summer recess in the week of the Conservative conference. The first business in the Lords looks like being the Local Government Bill—which could be one of the most controversial pieces of legislation to go through the Lords this session.

A number of Tory Peers with *local* government experience are uneasy about aspects of the Bill and the Government's business managers have been privately worried for some time that they could face problems on some clauses.

Their difficulties have been made worse by the fact that some Peers are already feeling that they are being asked to do too much in their role as part time unsalaried legislators.

The Peers are only paid expenses and do not usually expect to have to be in Westminster more than three days a week.

Over the last few weeks, however, they have had to turn up four or even five days a week and—as was demonstrated by the run of Government defeats on the Housing Bill last week—some Conservative Peers are beginning to rebel.

The worry of the Whips *must* be that some of these disgruntled Peers may take their revenge by not coming back to Westminster until the middle of October. For the Local Government Bill, however, there will be a firm request from the Whips to attend.

It is because Ministers are covered by this request that some may not this year be seen at Brighton.

Motorway spending programme

By Lynton McLain

THE GOVERNMENT'S multi-million pound motorway programme will do little to aid industrial recovery, MPs were told yesterday.

The Transport Department plans to spend almost £1.2bn on new trunk roads and motorways between now and 1983-84.

But this spending would not provide the most cost effective solution to road transport needs because the benefits of motorways would be "negligible" in terms of reduced transport costs to industry, MPs on the House of Commons Transport Select Committee were told.

The main objective of Government policy on roads was to provide roads "at a level the nation can afford," according to the "Policy for Roads" White Paper.

Despite this aim, the Government had ignored cheaper, more cost effective solutions, the Council for the Protection of Rural England said in evidence to the committee.

State chairmen express doubts on cash strategy

BY ANATOLE KALETSKY

GRAVE RESERVATIONS about the feasibility of a key aspect of the Government's financial strategy were expressed yesterday by Sir Derek Ezra, chairman of the Nationalised Industries Chairmen's Group.

He said that the NICG had expressed concern to the Chancellor about the possibility of achieving the "very substantial turnaround" of £2.7bn in the nationalised industries' finances assumed by the Government's public spending White Paper.

Speaking to the Commons Select Committee on the Treasury, he and other nationalised industries chairmen described the Treasury's apparent commitment to this figure as "hazardous" and "imprudent."

They stressed that the figure was an aggregate based on long term financial forecasts by the *industries* which were made before the beginning of the present recession.

Because it was based on a residual difference between very large sums, it was liable to large errors if economic circumstances altered. Sir Francis Tombs, chairman of the Electricity Council, estimated that his industry's borrowing figures three years ahead were probably not accurate to within £300m.

The select committee has itself expressed scepticism about the likelihood of the industries meeting the target.

It is now *considering calling on* each of the industries to provide the individual financial forecasts on which the Treasury *aggregate figure is based.*

Particular interest was expressed in the likely profitability of the British National Oil Corporation, which members of the committee felt that the Treasury may have underestimated.

The NICG representatives also aired their grievances about the over rigid operation of external financing cash limits. Sir Francis Tombs pointed out that the shortfalls in financing tend to be met by capital spending cuts and price increases rather than through reductions in wage bills.

The select committee's members expressed sympathy for this and other problems described by the NICG.

There was considerable interest in the nationalised industries' proposals for raising money without Government guarantees in the private capital market, and for the idea of taking the nationalised industries' productive investments out of the definition of public spending and borrowing.

A joint working party of NICG members and Government officials is due to report to Ministers during the next few weeks and is understood to be recommending some relaxation in the cash limits system.

The broader question of the PSBR and the nationalised industries' borrowing abilities will be reserved for further discussion later in the autumn.

Attempt to introduce import controls fails

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

AN ATTEMPT by Conservative MP Mr. Tony Marlow (Northampton North) to give Parliament the right to introduce import controls unilaterally despite Common Market regulations was defeated in the Commons yesterday by only 17 votes (153-136).

He pressed ahead with his proposal despite the previous night's debate in which the Prime Minister had firmly rejected general import controls as a solution to Britain's industrial and economic problems.

Mr. Marlow, a leading anti-Marketeer, was bitterly opposed by a Conservative pro-Market MP, Sir Anthony Meyer (Flint West) who sternly chided him for ignoring the Prime Minister's words.

Sir Anthony urged Conservatives to vote against Mr. Marlow's Ten Minute Rule Bill which aimed to restore to Parliament the right to raise tariffs, set quotas and make anti-dumping regulations despite the provisions of the European Communities Act 1972.

Most of the support for his measure came from the Labour Party, but over 20 Conservatives went into the voting lobby with Mr. Marlow.

He agreed that there were large areas where Britain and Europe could work together. But Britain had joined the Community at the wrong time, with the wrong institutions fashioned for others and not for us.

By joining the EEC, the UK had surrendered its right to an independent trading policy on tariffs and anti-dumping. Since then, however, times had changed and North Sea oil had ensured that Britain had a strong currency.

This had led to a flow of imports and had meant that Mr. John Nott, the Trade Secretary, was faced with a growing volume of pleas for help from British industry.

Yet he only had a very limited number of measures at his disposal because Britain had delivered the "steering gear" to Brussels.

Mr. Marlow said that in his own constituency, the footwear industry was threatened by dumping from Czechoslovakia and the Third World.

Britain was theatened by imports from other countries in the Community—an efficient productive Europe that had cheap energy, cheap currency and cheap finance. There was nothing the Trade Secretary could do to protect our industry and jobs from this "European onslaught."

"We must urgently return to Parliament the powers to supervise our own trade and return to our government the ability to act on behalf of our people," said Mr. Marlow.

Sir Anthony Meyer protested that the proposals were doubly foolish. For Britain to set an example of cutting trade by import controls "would amount to suicide whilst the balance of our minds was disturbed."

He accused Mr. Marlow of pursuing a vendetta against the *European Community.* He did not see how Conservative MPs could possibly support a measure which was so "clearly *contrary to the policies of* the party and contrary to the country's wider interests."

Sir Anthony pointed out that Britain *exported a greater* proportion of its GNP than its main competitors — double that of Japan and four times that of the United States.

He was astonished that after the Prime Minister's speech in the censure debate, Mr. Marlow had not withdrawn his Bill.

If import controls had any part to play then it could only be done through the General Agreement on Tariffs and Trade. The EEC had been outstandingly successful in negotiations with GATT.

Commons to block Lords' amendment

BY ELINOR GOODMAN, LOBBY STAFF

A ROW broke out in the Lords yesterday after a Minister had told the Commons that the Government was not prepared to accept an amendment to the Housing Bill made by the Lords last week.

At Environment questions yesterday, Sir John Stanley, the Housing Minister, said that the Government could not accept the amendment to the Bill which would mean that local authorities would not be obliged to sell to tenants, homes specially built for the *elderly.*

He implied that the only concession the Government was prepared to make was to *consider* whether there should be some restrictions on the re-sale of such homes.

The amendment was pushed *through the Lords last week,* in a series of Government defeats on the Bill.

The Minister has already said that he is prepared to accept the principle of one of the other amendments. But Peers were incensed yesterday to learn, from the Commons, that he was not doing anything about the clause on homes for pensioners.

Their annoyance was partly based on the *fact* that they were disappointed he was not meeting their point, and partly to the way they felt he had shown a lack of respect to the Lords.

The Housing Bill was still being debated in the Lords, and they felt that such a statement should have been made during the debate.

To show their displeasure, the Peers voted to adjourn proceedings of the House for half an hour. Proceedings resumed *afterwards* but not before some Peers had been very critical of the Government's handling of the matter.

Lord Shinwell said the situation was "almost unconstitutional." It was an opportunity for the Lords to exert itself, he said. "We should show the flag today, and tell the other place to jump in the lake."

JOBS COLUMN

Overseas 'store-minders' for U.S. companies

BY MICHAEL DIXON

IT IS an ill tax that bodes no one any geod, according to Brussels-based racruitment consultant George Orban. The tax he bas particularly in mind is the one imposed by the U.S. Government on the earnings of Americans working in other countries. Even though this regulation has lately been relaxed, it bas apparently created considerable opportunity for non-Americans with an international managerial capability.

"Since about 1975," Mr. Orban tells me, "it has been punitively expensive for U.S. corporations to fill their jobs in Europe and other lands with American citizens. This has applied not only to established executives in bigher management positions, but also to Americans of more junior grade in posts where they would he learning to manage operations io other countries."

Io oumerous cases, he adds, the result has been "executive retrenchment."

Instead of seoding out senior managers to run the overseas business from a centre in the geographical area concerned, the U.S. organisations have tended to keep these high-level staff at home. At the same time, they have repatriated to the States the top decision-making jobs which were formerly located in the other countries.

This, George Orban says, has created an increased need for international management skills within the U.S. itself. And since the tax regulation has been inhibiting the corporations from sending out younger managers to train as international executives, some corporations are beginning to feel the need to import into their headquarters non-Americans with the *required abilities*.

But his particular concern at the moment is with another kind of opportunity which has heen created for non-Americans hy the recent retrenchment. Fnr the repatriation to the States of the top jobs controlling overseas operatinns, has left a need in the other countries for "store-minders" to work there at a level of responsihility which, although below the corporate summit, is still high.

It is with three such openings in mind that Mr. Orban haa come to the Jobs Column in search of candidates with skills and experience of different aspects of international management.

The first post is for an expert in multi-country personnel management to work from Paris with a textiles corporation. The immediate responsibility will be to the chief general manager in charge of operations outside America, who is also hased io Paris. There will, however, he what George Orbao calls "a strong dotted line" conoecting the recruit with the head of corporate personnel maoagement in the U.S.

The job title is director of human resources—Europe, but the responsibility extends beyond Europe to parts of the Middle East and North Africa. The operations in these various different countries account for roughly 1,300 employees some of whom, I gather, spend a good deal of time trading in the Eastern bloc.

With about a dozen supporting staff on hand, the newcomer will be in charge of tha full range of personnel policies and practices affecting the employees outside America, including the recruitment of senior and middle managers for the area. So there is need for familiarity with laws affecting employment throughout the region, and for knowledge of the best ways of dealing with pay and fringe benefits.

Fnr this post, fluency in both English and Freoch is essential, and proficiency in other languages would be an advantage. Candidates must be able to demonstrate success over at *least* 10 years as personnel managers covering people employed in both manufacturing and marketing, and in several different countries. Although I cannot personally see how it is relevant, the employer quotes a preferred age range of 35 to 45.

Pay, which will be handed over in French francs, is negotiable up to the equivalent of £50,000 annually. There is no car, hut the perks include the possibility of a stock option after a couple of years or so.

The second of the three jobs is based in the Netherlands. It is for a corporate controller for the European activities of a U.S.-owned producer and marketer of fast-moving consumer goods, which employs about 600 people in Holland, Germany, France, Balgium and the UK. Once again, direct responsibility is to the chief general manager for the region, with a "strong dotted line" to the U.S.-based head of finance for the group's overseas operations.

The newcomer will be answerable for the development, maintenance and co-ordination of an effective system of financial and operating controls.

Candidates must not only be versed in up-to-date control techniques and tha associated use of comnuters, baving gained their knowledge in similar work with a company—preferably of American managerial "culture"—spanning several different countries in Europe. They must also have a higher degree in management from a recognised husiness school, and be fluent in Dutch as well as English. Ability to speak French and German would be counted as a plus. The age range quoted is 42 to 50.

The pay here will he ahout £40,000 worth of guilders a year, and the perks include a car.

The last of the trio is the job of directing a project worth U.S.$750m in an undisclosed country in Africa on behalf of an American construction group. The project—a mining complex expected to take four or five years—employs about 180 expatriate staff, mostly Europeans, plus some 2,000 local workers.

Responsible to the head of the relevant division in the U.S., the newcomer *will* be in charge of the whole of the construction and the related civil and project engineering, of the local financial arrangements, and of the personnel management and other administration affecting the expatriate staff.

Candidates for this post must be proficient in English and French, and be able to demonstrate a minimum of five years' success in the management of construction projects worth at least $300m. They also need experience in U.S. methods of project-planning and control, and they should have a degree or the equivalent in civil engineering or something similar. The preferred age bracket is 45 to 55.

Salary will be negotiable between $100,000 and $150,000 tax-free. The comprehensive "expatriate perks" will include free housing, car, educational fees for children and so on.

Inquiries for each of these jobs to George Orban at Carre, Orban and Partners, 250 Avenne Louise, Brussels 1050, Belgium; telephone 2-649 97 58, telex 63663. Since he may not name any of tha employers, he promises to abide by any applicant's reqnest not to be identified to the client until permission is given later. So does the next recruitment consultant—the last to be mentioned before the Jobs Column goes on holiday until September 11.

Plymouth

HE IS Hugh Davies, of Hoggett Bowers Selection, who is seeking a bead of prodnction, again for a subsidiary of a U.S.-owned company, but based this time in Plymouth—an area of England where many would like to work, but few jobs become available.

The recruit will be in charge of about 500 employees engaged mostly in the hatch production of small electro-mechanical devices to the tune of a £7m annual turnover. The need is for someone with demonstrable ability in the management of manufacturing operations of similar kind using the latest control and inventory systems, and who also haa an innovative cast of mind. Degree in numerate subject, preferably mechanical or electrical engineering, would be preferred. So would someone aged 32 to 45.

Salary about £15,000, plua profit-related honus and car. Inquiries to Mr. Davies at 2nd Floor, St. David's House, Wood Street, Cardiff CF1 1FS; tel. 0222 384024.

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Ref: M9257/FT

REPLIES, will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager, listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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APICORP has been set up by the member states of OAPEC to finance oil, gas and their related projects. The capital is denominated in Saudi Riyals. Capital funds including reserves are equivalent to around US\$400 million.

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Air mail letters to be sent to:–

The Administration and Personnel Manager,
Arab Petroleum Investments Corporation,
P.O. Box 448, Dhahran Airport, Saudi Arabia.

All applications will be acknowledged, and interviews will be held either in Europe or Saudi Arabia. Successful applicants will have the opportunity to visit the Kingdom before accepting an offer.

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Candidates should have experience and wide contacts in industry and academic institutions, and a personal commitment to encouraging research linking technology and the social sciences.

The Councils have in mind a part-time consultancy at a rate commensurate with professional or senior management standing, but would consider flexibly other arrangements to suit the successful candidate's circumstances.

Further particulars are available from:

SRC

Mrs. A. P. Roythorne, Science Research Council, Manpower Section, P.O. Box 18, North Star Avenue, Swindon, Wilts. Tel: 0793 26222, Ext. 2192, *to whom* applications should be returned by 22 August 1980

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Creative Strategies International, a U.S. *market* analysis and consultancy company, wish to appoint a research associate for their London office, to manage all aspects of their research services covering the European data processing market, including the preparation and marketing of research reports and the maintenance of an internal information system. Previous consultancy experience and a familiarity with information technology *and the information* industry are essential, as are fluency in English and a knowledge of at least one other European language. For further information contact:

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Applications should be made in writing with a detailed resumé to: *Mr Andrew Grant, Treasurer, The National Bank of Kuwait S.A.K., P.O. Box 95, Safat, Kuwait*

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FOREIGN EXCHANGE DEALER

TO £17,000

Our client is a well established American bank which maintains a compact London office where it seeks to expand its dealing activities by appointing a fourth dealer. You'd principally deal in European currencies in which previous experience is sought. The bank seeks to appoint a really experienced trader with a minimum of 5 years' dealing experience and preferably in the age range 26 to 30 to fit in with the current team. Salary will be £10,000 to £17,000 by negotiation and benefits include low interest mortgage.

To apply call Dudley Edmunds on 01-588 3255 or write to:
Alison Harding Ltd.
Banking Recruitment
56 Moorgate, London, EC2

Alison Harding Limited
BANKING RECRUITMENT UNIT

INVESTMENT CONTROLLER

Senior Investment Manager required by Lloyd's underwriting managing agents to invest multiple currency funds in gilt and bond markets. Must have proven experience and track record over a long period.

Salary negotiable: £15,000 p.a. plus car. Non-contributory pension scheme. Impeccable references required.

Write Box 630, c/o Hanway House, Clark's Place, Bishopsgate, London EC2N 4BJ

ADMINISTRATIVE ASSISTANT

Japanese Securities Company requires three male or female administrative and bookkeeping assistants for its London offices. Employer is subsidiary of Japanese parent and buys and sells securities for customers all over the world. UK company works closely with and subject to the instructions of parent company in Tokyo.

Candidates should be fluent in Japanese and English and have a very good working knowledge of Japanese securities. Bookkeeping experience and understanding of accounts and of the securities markets would be an asset.

Salary is negotiable, in the region of £4,500-£5,000 plus luncheon vouchers. Working hours 9 a.m. to 5 p.m., with 1 hour for lunch, Monday to Friday. Summer and winter bonuses are paid, in the discretion of the management. 21 paid working days holidays plus all normal public holidays. Candidates should write with full details, in confidence, to:

Box A7255, Financial Times, 10 Cannon Street, EC4P 4BY.

INTERNATIONAL BANKING

The following are among the most urgent of our very much more comprehensive range of current assignments:—

INTERNATIONAL AUDITING **c. £9,000**

Major N.Y. bank seeks a young A.I.B. with good all-round experience to augment the team responsible for auditing its operations in the U.K. and abroad. Euro language helpful.

FINANCIAL CONTROL **c. £7,500**

An unusual opportunity for someone with sound training in international bank accounting to assist management in the direction and control of a rapidly expanding operation.

BANK OF ENGLAND RETURNS **c. £5,500**

Although specific knowledge of B. of E. returns is the immediate requirement this position offers increasing involvement in all aspects of management reporting.

To discuss these, or your own particular requirements, please telephone Ann Costello or John Chiverton A.I.B.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row,
London, W.C.1.
01-242 5841

ASTLEY & PEARCE (STERLING) LIMITED

are expanding their Commercial Deposits operation, and are looking for a Dealer with 1-2 years' experience.

Salary will be commensurate with experience and the top range of Company benefits will be offered.

Please reply in writing to:
Mr. G. C. M. Barker, Director
ASTLEY & PEARCE (STERLING) LIMITED
80, Cannon Street, London EC4N 6LJ

SAVE THE CHILDRENS FUND

NEPAL

Accountant required based in Katmandu with well established team. Teams also operating in other remote areas of Nepal which necessitates arduous travel.

Initial 18-month tour offered. Salary negotiable subject to age and experience. (Qualified applicants only please.) Board and lodging provided, return tourist air fares paid. Local leave with subsistence allowance, and terminal leave pro rata to contract.

Apply in writing:
Overseas Personnel Officer
Save The Children Fund
157, Clapham Road
London SW9 0PT

هكذا من الأصل

INVESTMENT ASSISTANT
EDINBURGH

Large Investment Trust in Edinburgh with a broad international portfolio offers a position as Investment Assistant in the Research Department. The successful applicant will work closely with the Portfolio Managers and the work is varied and interesting.

The position will suit a 22/24-year-old recently graduated man or woman, although consideration will be given to someone with 1 or 2 years' investment experience. Good working conditions and salary.

Write with brief details of academic qualifications and experience to:

The Secretary,
British Investment Trust,
46 Castle Street, Edinburgh EH2 3BR

Financial Accountant

24-35 London c£10,000

A leading US multinational seeks a financial accountant for their London office. This is an interesting career opportunity.

Reporting to the Chief Accountant the successful candidate will be responsible for a department of around 15 people, the preparation of monthly management reports, the strict control of accounting records in accordance with high company standards and daily cash management. In addition, he or she will be given the opportunity to extend the use of computerised systems.

Ideally candidates should be ACAs or ACMAs with experience of a large organisation. Salary is negotiable around £10,000. Promotion prospects are excellent and depend upon performance.

Applicants should telephone, or write in confidence to Carol Martyr for an application form quoting client reference 2001.

Roland Orr
Management Consultants
35 Piccadilly, London W1V 9PB. Telephone: 01-734 7282.

MARKETING IN THE 80's

As a graduate, the rapid rise early in your career may mean that you're fast running out of scope for further development. You could be feeling that it's time to weigh up the alternatives open to you.

And that's where Esso Chemical comes in.

In anticipation of future market developments, we now need to enhance the marketing and sales function at our Southampton headquarters. With our eyes firmly on the future, we intend to recruit some of the most promising young graduates around.

Marketing is a challenging proving ground for individual worth. It requires the ability to sell yourself, and your commitment. So if you've managed that quite *effectively in the past — at University and in whatever career you've pursued since* graduating — then we will offer you the opportunity to make the most of your natural abilities.

With between one and three years' work experience, not necessarily in a marketing role, your most vital attributes will be energy, creativity, initiative, business acumen and a record of achievement.

In the course of your initial assignment in Market Planning, you'll be able to familiarise yourself with the full range of opportunities and challenges inherent in chemical marketing. We would expect that, with this experience and our training behind you, you would then be ready to move to an Industrial Sales appointment. This would involve you in senior level customer contact, and later possible overseas assignments, giving you every chance to develop with your responsibility. You are assured of a salary that keeps pace with your achievement, which will be supported by a comprehensive range of benefits including sickness benefit and Company pension scheme, and generous assistance with relocation to this attractive part of the South Coast.

Esso
CHEMICALS

Interested men and women should write with full *personal and career details to:*
Julia Pokora, Esso Chemical Limited,
Arundel Towers, Portland Terrace,
Southampton SO9 2GW
quoting ref: FT or telephone 0703 34191 Ext. 1000 for an application form.

Hoggett Bowers
Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Internal Consultants

Single ACAs with languages
London based, to £12,000

In two years time you could be faced with a pleasant *dilemma—whether to pursua your career opportunities within this* multi – billion pound oil company nr to capitalise on your then markat ability. You will spend your tima as a member of a team responsible for planning and executing reviews, throughout the world, nf operational units concerned with oil axploration, petrochemical production and marketing/selling. Having completed the review your reports and recommendations will go to seninr management and you will monitor the implementation of corrective action. Tha company will provida *high level training* in finance and *DP* techniques and systems. Travel content will be betwaen 30 and 60%. Tha opportunity to reach this dilemma is open tn young, singla ACAs who have recently qualified and have a good grasp of a second European or Scandinavian language.

N.P.S. Lilley, Raf: 22213/FT. Male or famale candidates should telephona in confidence for a Parsonal Histnry Form to:
LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

SPENCER THORNTON AND CO.
require an
ENGINEERING INVESTMENT ANALYST

Applications are invited from Investment Analysts with at least two years' experience to head a section of our investment research activity which supports institutional and private client business.

Applications to
B. D. Newman
MESSRS. SPENCER THORNTON AND CO.
Spenthorn House, 22, Cousin Lane
London EC4R 3TE

CAPEL-CURE MYERS LTD.
FIXED INTEREST SALES EXECUTIVE

We wish to recruit a Specialist Sales Executive with at least five years' experience of the Debenture/Loan Stock Market. He/she will be required to advise our institutional clients on every aspect of the fixed interest market.

The successful candidate is unlikely to be nnder 30 years of age and will join a small professional team which is developing tha firm's Fixed Interest business.

Wa can offer a highly competitive remuneratinn package.

Please apply to J. McGregor, Director of Gilts, or M. C. J. Neill, Personnel Manager, at

CAPEL-CURE MYERS LTD.
Bath House, Holborn Viaduct, London EC1A 2EU
Tel. 01-236 5080

Insurance Accountant
c.£12,000 + Car

We are a member of the international Sentry Insurance organisation whose world-wide assets axceed £800 million. We are now seeking a qualified accountant to take control of the accounting function for our City of Westminister Assurance Company Limited, which is *primarily concerned with single premium and unit-linked life assurance* and individual pension schemes.

Reporting directly to the General Manager you will be responsible for the maintenance and development of financial control systems and all aspects of the company's accounting procedures. You should be familiar with computerised accounting and capable of working to a monthly deadline. Previous insurance experience is an essential requirement. This presents a good career move for the right applicant with drive and ambition.

Based in Central Milton Keynes you will be required to spend some time in London during your initial period of employment. In addition to relocation expenses (if appropriate) you will receive a generous salary, a company car and the usual large company benefits.

Please send detailed C.V. to:-
Mrs. W. Jones, Personnel Manager,
Sentry Insurance Management Limited,
Ashton House, 499 Silbury Boulevard,
Central Milton Keynes, Bucks.

SENTRY

Treasury Manager

Citicorp International Bank Limited is seeking an ambitious, experienced individual to serve as Treasurer of the bank, responsible for funding and liabilities management.

Functions will include implementation of funding policy, liquidity control, management of special and supplementary deposit requirements and control of FX positions.

The successful candidate will have 3/4 years of experience as a sterling/dollar deposit or C.D. dealer, some experience in FX trading and a good operations background. Some experience in liabilities management would be advantageous. This job reports to an Executive Director and prospects are excellent for advancement in a growing organisation.

Salary will be competitive in addition to an excellent range of benefits which includes relocation expenses, low cost mortgages, personal loan plan and non-contributory pension scheme.

Please write with full curriculum vitae to Miss Sara Hodson, Citicorp International Bank Limited, P.O. Box 242, 335 Strand, London WC2R 1LS.

CITICORP INTERNATIONAL GROUP

CONTI COMMODITY SERVICES LTD.
require a
BASE METALS ANALYST

to take responsibility for London fundamental and technical research. Candidates should have some experience in metals research. For this position, a graduate in the age range 25-35 would be preferred and a competitive salary package is offered.

Applications to Mrs. L. Bircham
ContiCommodity Services Ltd.
World Trade Centre, London E1 9AA

Accounting Opportunities -Overseas

Roan Consolidated Mines Ltd., a large company with mining and metallurgical complexes in Zambia has opportunities for experienced and ambitious accountants, 25 - 40 years of age, holding one of the following accounting qualifications: C.A., A.C.A., A.C.C.A., A.C.M.A., plus a minimum of three years' post qualification experience, as a FINANCIAL ACCOUNTANT, MANAGEMENT ACCOUNTANT, or an INTERNAL AUDITOR.

We have a wide range of vacancies at all levels, and the Company's accounting function is well served by advanced reporting and highly sophisticated computerised facilities.

Commencing salaries (including an annual tax-free gratuity), equivalent to £10,000 approximately at current exchange rates. Other benefits will include paid airfares, low cost accommodation, generous paid leave, children's education and travel allowances. Contracts are for two or three years duration for expatriate staff.

Please apply with brief details of your qualifications and career, quoting reference FT 859, to:

The General Manager.
Zambia Appointments Limited,
Zimco House,
129-139 Finsbury Pavement,
London EC2A 1NA.

ZAL ZAMBIA APPOINTMENTS LIMITED

FOREIGN EXCHANGE DEALER

Leading American bank requires Dealers with two to three years' dealing experience for its London office which is actively engaged in international markets.

Salary negotiable and competitive and the total benefits package is attractive.

Reply to Box A.7261, Financial Times
10 Cannon Street, EC4P 4BY

The Court of Auditors of the European Communities

requires for its office in Luxembourg, to be employed under the regulations governing the terms of employment of other servants of the European Communities

AN ECONOMIST
specialising in the structure of the agricultural industry and in forecasts of profitability.

AN ECONOMIST
specialising in the problems of regional development and in the analysis of statistical information.

AN ACCOUNTANT
specialising in computer auditing, who will be required to provide technical advice, assistance and training to audit staff in the fields of examination and evaluation of computerised systems as well as the use of the computer as an audit tool.

Salary: approximately 100,000 to 130,000 Belgian francs net per month, according to age and family circumstances. *Maximum age: about 40.* Languages: excellent knowledge of at least French and English required. Candidates must be nationals of one of the Member States of the European Communities.

Applications should be sent to the following address accompanied by a curriculum vitae: Cour des Comptes des Communautés européennes, Service du Personnel, 29 rue Aldringen, LUXEMBOURG, G.D.

Further information may be obtained at the above address.

CAPEL-CURE MYERS LTD.
BLUE BUTTON

We wish to recruit a Blue Button to join nur Equity Dealing Team. An ideal opportunity for an experienced Blue Button looking for early authorisatinn. A competitive salary will be offered to the right candidate.

Please phone or write to:
M. C. J. Neill, Personnel Manager
CAPEL-CURE MYERS LTD.
Bath House, Holborn Viaduct, Londnn EC1A 2EU
Tel. 01- 236 5080

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

OVERSEAS BANKING OPPORTUNITIES
PARIS

We have been retained by a number of International Banks in Paris to help meet their current needs.

Accordingly, we would be pleased to hear from Senior Executives willing to work in Paris with a view to the undermentioned vacancies:—

EUROBOND DEALERS	**To US$30,000**
OPERATIONS MANAGER	**To 200,000 Frs.**
COMPUTER PROGRAMMER (RPG II)	**Neg.**
CORPORATE FINANCE (Senior/Junior)	**120,000-150,000 Frs.**
EUROBOND SALES	**£15-20,000**
EQUITY SALES	**£12-18,000**
ACCOUNTANT (French Bank Accounting Practices)	**£13-17,000**

Please reply in strictest confidence to Roy Webb.

First floor—entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

INSTITUTIONAL PARTNER

We are a *medium-size firm of Stockbrokers* with a strong reputatinn in Research, Fund Management and Corpnrate Finance. We are looking for another Institutional Partner tn jnin our existing team.

The prime requirement is the ability to command the respect of Institutional Investors; it is likely that the successful applicant would either be an Institutional Salesman with a track record of success or an Investment Analyst with a reputation. There is no requiremen for capital as this will be met by the existing partners, however the new Partner would be expected to save a proportion of a substantial income.

Please reply to Box A7259, Financial Times, 10 Cannon Street, EC4P 4BY.

STERLING MONEY MARKET

An exciting opportunity exists for experienced commercial dealers to participate in the growth of Phillips & Drew's money market activities. This will be a challenging opening for those with either a Money Market or Stock Exchange background but experience of the Gilt Edged market would be an advantage. Prospects for the successful are excellent.

Please reply in writing or by telephone to:
G. M. Redman-Brown, Partner, Phillips & Drew
Lee House, London Wall, London EC2Y 5AP
(Telephone: 01-628 4444)

APPOINTMENTS ADVERTISING
is Continued Today on the Following Page

Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Internal Consultant

Computerised Systems

London based, negotiable from £13,000

This is a new position that has arisen through expansion. The client is a multi-billion pound oil company with operations throughout the world. There are a number of DP centres in these areas and the successful candidate will lead a team of US and European specialists providing international management at all levels with a professional appraisal of operations methods and an assurance of the integrity of current systems. Applicants will be aged under 35, qualified ACAs with four years' exposure to computer systems audit. This may have come through the profession or from industry and would preferably have involved IBM hardware. There is a travel content of about 35% and a second European language would be an advantage. Career prospects and benefits are excellent.

N.P.S. Lilley, Ref: 22212/FT. Male or female candidates should telephone in confidence for a Personal History Form to: LONDON: 01-734 6852, Sutherland House, 5/6 Argyll Street, W1E 6EZ.

Lending Officer (Middle East and Africa)
U.S. National for U.S. West Coast — to $35,000
Lending Officers — a £13,000
Banking Manager (AIB) — £12,000+
FX and Deposits Dealer — c £10,000
Reconciliations and B of E Clerk — to £6,000
Eurobond Settlements — to £6,000

Please contact Mike Pope or Sheila Anketell-Jones 236 0731

Q.S. Banking Recruitment Consultants
30-31 QUEEN STREET, LONDON EC4

ACTUARY

U.K. office of Canadian life insurance company requires young actuary or advanced student for investment administration and training in management.

Apply: P. T. Jenkins FIA, The Independent Order of Foresters, 36-38, Peckham Road, London SE5 8QR.

Stockbrokers

require experienced

Contract Clerk

Centre-file experience essential. First-class salary, plus bonus and other fringe benefits.

RING ADMIN PARTNER 588 2311

EDP AUDIT

N. Home Counties — £12,000 + Car

This appointment arises within a highly diversified multi-national which enjoys an outstanding reputation for the quality of its financial control systems. The position calls for a qualified accountant with a strong EDP background gained either in industry/commerce or in the profession. Above all, however, the successful applicant will need a sufficiently flexible and positive approach to take advantage of the excellent career opportunities this company offers.

NUMBER TWO

C. London — to £11,000

Ideally 2 years' experience of commerce or industry in a position of some responsibility, qualified and aged about 30 to 40. This is the person specification for an appointment as Assistant to the Chief Accountant of a large, international contracting firm where you would be involved in virtually all financial aspects of the running of the UK company and in charge of 7 staff.

PROJECT ACCOUNTANT

South London — c£10,000

Ambitious qualified accountants who have some industrial experience are offered a potential controllership in 2 years with this rapidly expanding British group. Responsible for 4 staff and the production of management and financial accounts the job holder must be a hard worker seeking rapid progression in a fast-moving concern. Since systems are computerised previous experience of an EDP environment is preferred.

ANALYST

C. London — £8,500

A newly-qualified accountant is required to join the Head Office finance team of a well-known U.K. organisation to provide detailed analysis on all aspects of financial performance. Excellent career prospects exist for candidates with the positive attitude and flexible approach necessary to deal with changing tasks and ad hoc enquiries. The attractive salary package includes free BUPA and season ticket loan.

CREDIT MANAGEMENT

Northants — £8,500

A US manufacturer which enjoys an international reputation for its quality products seeks a career motivated person to join its management team. Extensive and sophisticated computerised systems are employed in their mainly UK orientated credit department. Responsibilities will include the management of ten staff and necessitates frequent liaison with both customers and third parties. Proven ability within a computerised credit environment is more important than academic qualifications.

Lee House, London Wall, London EC2Y 5AS. Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

FINANCE MANAGER

£13,000+ negotiable

Our Client, a major engineering consultancy, with extensive overseas interests, has a vacancy for a Finance Manager to be responsible for the total administration and control of the finance department including management, project and financial accounting.

You will be based at new, modern offices close to the city.

We are interested in hearing from qualified accountants with proven experience in the engineering field, preferably with a background in computerised accounting systems.

The successful candidate, male or female, will enjoy normal benefits expected of an international company.

Replies, in the first instance, should be sent to the address below, including brief career details and quoting reference C73. Covering letters addressed to the Security Manager listing companies to whom your application should not be passed will be intercepted and your instructions noted.

JWT Recruitment Ltd
Executive Recruitment & Selection
40 Berkeley Square London W1X 6AD 01-629 9496

LARGE U.S. SECURITIES / COMMODITIES BROKERHOUSE

requires

top-quality operations personnel with previous U.S. brokerage experience, in any of the following areas:

WIRE AND ORDER
CASH/MARGIN BOOKKEEPING
EURO DOLLAR BOOKKEEPING
FUNDS/SECURITIES CASHIERING

Write with full details of career to date to Box A.7262. Financial Times 10 Cannon Street, EC4P 4BY

FOREIGN EXCHANGE DEALER

P. S. Refson & Co. Limited require a Foreign Exchange Dealer

This is a senior appointment and applications are invited from suitably qualified dealers having not less than five years' experience in all aspects of deposits and foreign exchange. Salary, benefits and other conditions will fully reflect the importance of this appointment.

Please reply fully, in confidence, to
D. C. Eley, Money Manager
P. S. REFSON & CO. LIMITED
13 Austin Friars, London EC2
Tel. 01-638 3511

ASSISTANT

PRIVATE CLIENT DEPARTMENT

A leading firm of Stockbrokers with a large Private Client Department wishes to recruit an Assistant. This is an ideal opportunity to join a team within the department dedicated to the expansion of a successful and profitable business.

The successful applicant will be aged 21-24, educated to "A" level standard, with at least two years' stockbroking experience including a good working knowledge of settlement procedures. We can offer good pay and conditions and excellent prospects for progression.

Please apply in the strictest confidence to Box A.7263, Financial Times Bracken House, 10 Cannon Street, London EC4P 4BY

A leading firm of stockbrokers active in international markets require an

AUTHORISED CLERK

with a minimum of two years' house experience. The appointment will carry a competitive remuneration and there is a non-contributory pension and life assurance scheme. Please write, giving age and full details of experience, to Box A.7256, Financial Times, 10 Cannon Street. EC4P 4BY.

INVESTMENT ADVISER

Small insurance company requires part-time adviser to supervise investments. Only persons having held responsible positions need apply.

Suitable for part-time or senior retired man/woman prepared to spend about one day a week: no need to attend City office.

Existing portfolio about £5 million.

Write Box A7258. Financial Times, 10 Cannon Street, EC4P 4BY.

BANK MANAGER

A Pakistani Bank in UK has a vacancy for the post of Manager for its branch in Scotland. Minimum qualifications 3 "A" levels from UK, or 2nd Division Graduate from Pakistan. Must know Urdu language.

Banking experience — minimum 12 years, with 5 years as Officer in a bank. Salary and allowance over £6,000 pa. Applications stating qualifications, experience, age, present pay, should be sent by 6th August, 1980, to:— Box No. A.7260, Financial Times, 10, Cannon Street, London EC4P 4BY

APPOINTMENTS WANTED

A £40,000 P.A. TECHNICAL-COMMERCIAL DIRECTOR FOR LESS THAN £10,000— HOW COME?

Enquiries are invited from principals of organisations with interests in close-controlled environments, security, mechanical or production engineering in the UK and/or overseas.

Write Box A7242 Financial Times, 10 Cannon Street, EC4P 4BY.

FINANCIAL/INVESTMENT appraisal of building, engineering & development projects: Quantity Surveyor seeks challenging opportunity: 02949-690502.

F X DEALER 23/30 all round exp. £10,000 & bank benefits. 01-283 6022.

COMPANY NOTICES

EUROPEAN FERRIES LIMITED (CDRs)

The undersigned announces that as from 14th August 1980 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no. 5 of the CDRs European Ferries Limited, each repr. 100 shs. will be payable with D Fls.13.57 (re final dividend for the year to 31.12.1979: 3p per share. Tax credit £1.2857 = D.Fls.5.82 per CDR.

Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility. Further the undersigned announces that Concessionary Coupon No. 5 will be null and void.

AMSTERDAM DEPOSITARY COMPANY N.V
Amsterdam.
23rd July 1980.

NORTHERN PAPER MILLS COMPANY NORDENFJELSKE TREFOREDLING A/S 6¼% 15 YEAR GUARANTEED LOAN OF 1967

Bondholders of the above Loan are advised that the Redemption due the 1st September, 1980, i.e. U.S.$425,000 nominal has been effected by purchase. The outstanding balance of the Loan after this redemption is U.S.$775,000 Nominal.

31st July, 1980 — Hambros Bank Limited

NOTICE OF MEETING TIME ASSURANCE SOCIETY

Registered Office 45 Queens Road, Oldham, Greater Manchester

SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office at 12 noon on Tuesday 12th August 1980.

AGENDA

To approve a new Table of Assurance.
(Signed) D. STOTT. Secretary.

PUBLIC NOTICES

CORPORATION BILLS

£1.0m Clwyd C.C. Bills issued at 14 31-64ths per cent on 29th July to mature 28th October. Applications £6.0m. Outstanding £5.0m.

£2.75m Sandwell Bills issued at 14 31-64ths per cent on 30th July to mature 29th October. Applications £22.75m. Outstanding £8.5m.

£3.0m Herts C.C. Bills issued at 14 31-64ths per cent on 30th July to mature 29th October. Applications £13.0m Outstanding £20.5m.

PERSONAL

SUITABLE PRIVATE COLLECTOR investor-Small Pension Fund-authenticated oil painting by John Atkinson Grimshaw 1872. Very modest investment will secure. Write Box G.6393 Financial Times, 10, Cannon Street, EC4P 4BY.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

This is how you take off to success!

Instant print is one of the UK's fastest growing service industries.

But to stand out you need a high business profile, intensive training and high powered back-up.

None can fly higher than The Flying Printer, the Instant Printers of proven success and high profit yield.

The Flying Printer franchise succeeds because it never forgets to give the public the very fastest, fullest, and most efficient print service possible.

Have you got what it takes to be a high flyer? Can you pilot your own route to success? If so, and you can invest about £15,000-£30,000, contact:

'The Flying Printer' franchise consultant, Captain Brian Wilkes, The Flying Printer Ltd., 52 Monmouth Street, London WC2. Tel: 01-836 1012.

Beechcraft Super King Air 200

Owing to the purchase of a new King Air 200, our present 200, G-BFOL is offered for sale. It is undoubtedly the best King Air in the country and has flown only 320 hours. The spacious well equipped cabin in the "flying" boardroom configuration features stowable executive desks, refreshment area and separate toilet. The brown interior offers 8 passenger seats and an extra 2 seats in the luggage area; thus allowing 10 passengers to travel in pressurised comfort at 31,000 feet and 270 knots at the least possible cost. The Pratt & Witney PT6A-41 engines give outstanding performance, is suitable for operation out of small airfields and dirt strips. There is a comprehensive Collins Avionics fit, dual-DME and Transponders, also a King Air Nav.

For full specification and price please contact:

OGDEN

J. E. Best
Ogden Group of Companies
Otley, West Yorkshire. LS21 1HX
Tel: 0943-464561. Telex: 51187

ARE YOU FINANCING YOUR CUSTOMERS?

Then obtain details of our

Factoring and Invoice Discounting Services

ARBUTHNOT FACTORS LTD.
Breeds Place, Hastings TN34 3DG.
Contact: S. E. Finch Tel.: 0424 430824

or Telephone:
London 01-638 1301. Birmingham 021-454 7962. Newcastle 0632 614545.
Leeds 0532 444578. Manchester 061-236 9777. Nottingham 0602 598821.

HAVE YOU A PROBLEM?

Are you petro-chemical, gas, oil or marine civil engineering in the UK or overseas?

— PERHAPS WE CAN HELP —

We are a specialist Mechnical Engineering Company with experienced teams of Coded and Plater Welders: Mechanical and Pipe Fitters: Test Operators: Instrumentation Electrical and Pre-Commissioning personnel etc., with our own equipment.

Telephone: Jack Probets, Burgh Heath 60012

NUNGRUN LIMITED, 12 Canons Lane, Tadworth, Surrey

AN OPPORTUNITY—PERHAPS FOR BOTH OF US!

This should be an invitation to a private person to become a (silent) partner in a fast growing group of companies in Germany. The group is strongly engaged in the demanding and expanding field of horticulture and fertilisers. For the reason of expansion and further build-up a young dynamic banker would appreciate to share the future chances with the right person. US$7.5m should be basis for negotiations.

Write Box G6376, Financial Times, 10 Cannon Street, EC4P 4BY.

A LITTLE JEWEL

is hidden behind a "dormant" company! The company is listed on a German stock exchange and has an interest in one of the finest well known German companies. Income and growth are here far above average. Because of family reasons there is the opportunity to acquire more than 75% holding of the company. The required funds are in the area of DM 8.5 million. Principals are requested to inquire for further confidential details.

Write Box G6375, Financial Times, 10 Cannon Street, EC4P 4BY.

COMMODITY TRADING COMPANY

require partner in London
Own capital, terms negotiable

Werta GmbH Deutschland sucht für London er Neiderlassung einer tätigen Teilhaber. Eigen kapital Verhandlungsbasis.

Werta GmbH
Westpapier und Börsenvermittlungsgesellsch
Lindemannstr. 90
4000 Düsseldorf 1.
Tel: (01049 211) 685002

SPECIAL OFFER

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On Wednesday, June 4, 1980, the Financial Times team of business journalists discussed these matters plus the Role of the City—Clearing Banks—Government Agencies—Help from large companies—Large companies' spin-offs—and reviewed four case studies in a comprehensive survey entitled Finance for Small Companies.

This information collectively forms an essential business tool for small businesses, who are the most frequent users of Business and Investment Opportunities both as readers and advertisers. Special reduced size reprints of this survey are now available on request. Simply attach this advertisement to your company headed paper or return the coupon below to John Wisbey, Financial Times, 10 Cannon Street, London EC4P 4BY.

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THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

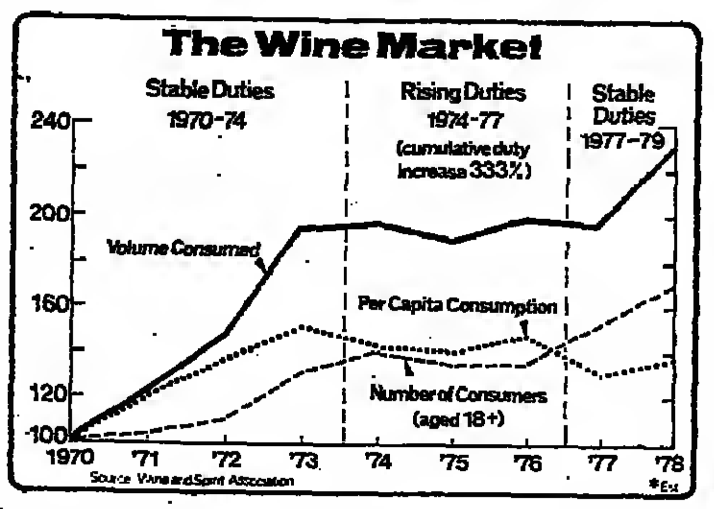
The wine market, though fragmented, is still expanding fast

Wine: a shift in the centre of gravity

AT FIRST GLANCE, the U.K. wine market looks an ideal stamping ground. Not that it is significantly underdeveloped, but wine consumption in this country at around 6.5 litres per head, is still only a modest fraction of consumption elsewhere.

The French lead the way, at 98 litres per head, followed by the Portuguese (91.3 litres) and the Italians (91). The West German figure is 23.8 litres, the Dutch 12.2, and even in the U.S. consumption is greater than in Britain.

Yet only the unwary would hurl themselves into a market as fragmented as this without at anyrate acquainting themselves with the habits and the tastes of the new wine drinker. There are still an estimated 15m people in Britain who do not drink wine, which is why the likelihood of further, fairly rapid, market expansion is said to look so bright.



The new wine drinker was the subject of a talk given to a meeting of the Marketing Society in London last week by David Hope, marketing manager of Stowells of Chelsea. Appropriately, the gathering was staged in the magnificent Porter Tun Room at Whitbread's Chiswell Street brewery; ingeniously, it was followed by a Stowells wine tasting, during which the potential for future market growth was conscientiously explored.

There has been very rapid market growth of late. In the past four years, the proportion of the population drinking wine has risen from under 40 per cent to around 60 per cent.

The most important factor, says Mr. Hope, is price, specifically the price of table wine versus other categories of alcohol. In the past two years, Britain's newly oil-based currency has enjoyed strong upward movements against the currencies of the major source countries for table wine. The exception is Germany, and even there the adverse movement has been only slight.

Further, EEC pressure on duty harmonisation is at the very least likely to negate any danger of a major increase in table wine duty, while in the longer term a relative reduction is even on the cards.

As for the market profile, there is a fairly even male/female split in wine consumption, and a marked regional bias: 71 per cent of those who live in London drink wine at some time or other, for example, against only 38 per cent of those who live in Scotland. Not surprisingly, wine drinking shows a very heavy up-market bias, so that 90 per cent of ABs claim to drink it against 63 per cent of C2s.

Although the number of wine drinkers has grown by around 70 per cent since 1970, says Mr. Hope, it is expected to grow by a further 20 per cent in the next two years. As the size of the market expands, so its centre of gravity will move down the social scale, and the young will be an increasingly important market factor.

To date, there had been only a limited degree of brand development in the wine market, and growth had been achieved in spite of relatively low advertising support.

Yet to assume that this was likely to continue might be dangerous, for the importance of advertising in further developing the market was likely to increase.

The appeal of French wines would be maintained at least for the mature wine drinker, while at the immature end of the market, bland white wines, notably Eastern European and Italian products, would continue to hold sway. The third inference that could reasonably be drawn was the continuing importance of price, as witnessed by the success of Italian wines which had established a strong market position by combining low pricing with packaging innovation.

THIS MAY be the last agency league table we need to look at for some time. It is the Media Expenditure Analysis summary of top rankings and trends, and confirms the re-apotheosis of J. Walter Thompson, which has reasserted its position as Britain's premier agency.

JWT's current MEAL figure takes it clear of its three main rivals, and relates only to JWT's main-agency business. It incorporates none of the billings of JWT Manchester. Nor does it reflect any of the £10m worth of new business JWT has won so far this year.

The figures for all agencies are based on MEAL's monitoring of television and main consumer print media. All brand expenditure for the previous 12 months is attributed to the agency most recently placing the advertisements. MEAL stresses that agency totals do not represent billings.

The rush by Allen Brady and Marsh up the ratings is now gaining force.

MEAL's TOP TEN AGENCIES

(ADJUSTED RATE CARD EXPENDITURE, £m)

		June, 1980	March, 1980	Decmbr., 1979	Septmbr., 1979	June, 1979
1	J Walter Thompson	54.2	48.8	43.4	40.8	45.3
2	Saatchi and Saatchi Garland Compton*	51.4	52.2	43.6	43.4	47.2
3	D'Arcy-MacManus and Masius	50.9	55.0	50.7	45.5	46.6
4	McCann-Erickson	44.9	41.4	45.3	42.7	43.5
5	Collett Dickenson Pearce	40.2	38.2	34.1	30.3	31.0
6	Ogilvy Benson and Mather	38.8	34.2	31.5	28.7	32.0
7	Young and Rubicam	26.3	25.3	21.4	19.0	20.7
8	Allen Brady and Marsh	26.2	20.4	19.9	17.6	17.9
9	Ted Bates	24.1	23.3	21.3	20.5	23.1
10	Dorland	22.5	19.9	17.5	14.7	16.7

* Includes Hall Advertising and Downton Advertising.
Source: *Media Expenditure Analysis.*

IN ADVERTISING, TALENT IS TOO EASILY CONFUSED WITH TRENDINESS

Creativity: bridging the chasm between artistry and hamfistedness

ONE OF THE BEST pieces of advice I ever received regarding advertising agencies concerned seating arrangements for lunch. My instructor was the head of one of the American-owned agency networks, a man whose success as an advertising copywriter had brought him great fame and wealth.

His advice was this: "Whenever you visit an agency for lunch, make sure they sit the chairman on your left hand, the creative director on your right. In that way you will discover within 15 minutes what that agency has to offer. If all is going well, the chairman will discuss the profits of his clients, while the creative director obliterates your ignorance as to the interpretation of the ads.

"The media people, on the other hand, should be seen and not heard. They are paid large sums of money but will advance your understanding of our profession not a bit. If it is a *very* good agency, the chairman and the creative director will have got their act down to under seven minutes."

It has proved oddly reliable advice, although in truth, to discover what is genuinely a "creative agency" takes rather more than seven minutes. It is a subject that has been intelligently addressed by Len Weinreich, creative director of Wasey Campbell-Ewald, Britain's 10th or 11th biggest agency, in the second issue of Creative Review, which hails from the Marketing Week stable.

"There was a time," says Mr. Weinreich, whose bark is the equal of his bite, "when to be called a 'creative agency' was to be part of a brave, and often shunned, minority. Other agencies boasted that they were research-based, or media kings, or marketing-orientated; their creative department was reduced to a studio function illustrating the marketing brief. The appeal to Philistine clients was obvious."

But a generation of admen retired or died, and suddenly creativity became modish. "Perhaps it has something to do with a new intake of brand managers," he says, "or ex-agency marketing directors. Agencies that had previously winced at the epithet suddenly went 'creative.' It was a horrible sight.

"They adapted the surface elements of current fashion and applied them liberally. . . . In many cases the agencies withered, died, or were absorbed into anonymous groups of initials. The reason as we shall see, was that they did not realise the implications of being 'creative.' Being advertising people, they thought that simply to adopt the word, the label, was the thing."

According to Mr. Weinreich, creative transfusions are not so easily come by. If the environment is wrong, he says, personal chemistry is not enough.

For an agency to be creative, he says, it needs:

1—A creative reputation that attracts the sort of clients that want its sort of work—difficult if you are starting afresh;

2—High-quality account people who can sell your work, presenting it in context;

3—Talent, for which *there* is no substitute. An agency needs both hardened professionals and gifted lunatics. "Beware that you do not confuse talent with trendiness, or individuality with eccentricity."

4—An environment that encourages innovation. "Difficult to pin down," he says, in the clipped sub-prose of the creative professional, "impossible to conjure out of fresh air, but easy to spot if you're in it. Very rare."

5—Generous media budgets, because even very good creative work needs exposure.

6—Generous production budgets—a requirement that will cheer production houses but trigger a bank of sirens in accounts departments.

7—The confidence to fire a client if he doesn't buy your strategy or your work and is upsetting *your staff*—but only if you are positive you are right.

In passing, Mr. Weinreich asks clients to consider the heresy that while the foregoing might be an accurate description of conditions at Collett Dickenson Pearce, or Boase Massimi Pollitt (two of Britain's most avowedly creative agencies), it could also fit Allen Brady and Marsh: "They don't *score high* at D *and* AD (Designers and Art Directors Association), but they do win business."

After all, it is clients that appoint agencies. Clients, says Mr. Weinreich kindly, can be divided into two sorts, the bold and the cautious. Bold marketing directors embark on bold strategies that can either land them in glorious retirement in Antibes or their companies in bankruptcy.

Cautious marketing directors develop cosy relationships with their agencies and adopt cautious marketing strategies that breed cautious ads. Many of them, he says, have control over immense budgets which they spend to tiny effect on the public's awareness.

Some agencies have become very rich by making cautious ads. Cautious clients like nice settings for their products, and nice songs. They do not go in for impact.

"Bold agencies can make bold advertising on bold strategies (Heineken and Fiat spring to mind), and *sometimes* on cautious strategies (Homepride flour and Smash). It's also possible to do awful advertising on brave strategies: can anyone remember an ad for Skytrain that moved the imagination?"

Some agencies pretend they are bold. They do not attract big budgets, so they attempt to drum up impact by using shock. They confuse outrageousness with creativity, eccentricity with originality, and make a lot of noise at prizegivings.

Mr. Weinreich warns against the "fashion trap," citing what he calls John Player's half-hearted imitation of the surreal puzzle pictures of Gallaher's Benson & Hedges posters. "Never was the chasm between artistry and hamfistedness better and more publicly displayed," he claims.

The Benson & Hedges posters spawned a thousand bad imitators, he says. Concerned only with look and style, they splashed surrealism over every product they could lay their hands on, chocolate bars, hi-fi, sun glasses, sun-tan oil, cosmetics—everything shot with a maximum of surface gloss and a minimum of what the masters themselves had been trying to say.

"Fashion has a lot to answer for in creative departments . . . creative departments all over town are packed with eager young people trying to get their books to look as much like Collett's or Boase in order to get into Collett's or Boase so that they can do ads that look like Collett's or Boase.

"But they're in the wrong environment. They don't have the same strategies. They haven't the budgets. And if they're really as stupid as I'm making them out to be, they haven't got the talent, either."

He says there is not much skill about. Recent examples of ads that confused originality with outrageousness, and had gone way over the top, he cites as follows: a Sony video-recorder advertisement with grown men in short pants, the commercial for Drifter, and a poster he saw in Kentish Town which told him that "The Agfa sign means happy motoring." (Agfa is a camera—in this case a motorised one).

He despises "that fashion-conscious drek in the glossier monthlies telling the indolent rich that the merchant classes understand their rare lifestyles ("Elbeo is typical, Principe is laughable"), and says he has seen a strange ad for a car called a Daihatsu. "The headline read, 'One day every museum will want one.' The copy never explained the headline. Perhaps we should be grateful."

The average creative chap, says the Wasey major-domo, is unaware of *Bill* Bernbach's telling statistic: that 85 per cent of all advertisements are never noticed.

"Perhaps I should feel pity for him. The average creative person is ill-fed, ill-briefed, and crudely-researched. In most agencies his work is low on the list of priorities." More important is keeping the account, maintaining cosy relationships with cautious clients.

According to Mr. Weinreich, creative transfusions can only work when the will exists for true change. Otherwise the natural order of events is decay, death, rebirth and fresh growth.

For some agencies, that ought to be a happy thought.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Fuel gauge 'eye'

WHILE some observers are predicting the £2 gallon of petrol for early in 1981, and others say increasing competition between major refiners will help to hold down advances, most appear to be agreed on the need to ensure that all vehicles are running as economically as possible, in view of the recent swingeing price increases in liquid fuels.

However, all motorists will know how long it takes to determine just how much petrol a new vehicle is consuming, particularly those with the attenuated petrol gauges that seem to be the fashion in some countries.

To make fuel consumption readings less of a peradventure, a UK group has developed a series of "instant" miles per gallon indicators to suit various engines.

FS 20 (Fuelstretcher 20) provides a digital reading of what the car is running at with a choice of two display frequencies, automatic clear-down when idling and simple calibration.

A somewhat more expensive fuel injection version with two flow sensors is on offer and the latest version is a low-cost display which gives total gallons consumed from re-set.

Garages may use a "quick-fit" version as a fuel consumption checker, with a readout in three decimal digits.

DIY or dealer fitting is possible and the company points out that one immediate advantage of the mpg indicator could be to show up such defects as binding brakes, off-tune ignition or even incorrect tyre inflation, leading to savings of as much as one-fifth without anything more than the most simple adjustments.

EnviroSystems, which also sells an all-electronic cruise control unit, is at Hampsfell Road, Grange over Sands, Cumbria. LA11 6BE. 044 84 4233.

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● PROCESSES

Solves a sticky die-casting problem

A MAJOR production problem has been unlocked at Chloride Industrial Batteries' new plant at Over Hulton, Bolton, with the installation of precision air atomising nozzles on the company's lead die-casting machines.

One of several priority operations in the manufacture of batteries here is die-casting the lead positive spines—considered important because the machines employed represent a high capital investment which must be thoroughly utilised.

Successful die-casting depends on the fine and even application of lubricant to the mould surfaces, and the lubrication is a silicone based oil which, if overused, results in castings spoiled by "feathering" or, if too little is used, means the castings stick. Either way, die-casting is interrupted and, in turn, holds up an interlinked assembly operation.

Lubricant is applied through spray nozzles mounted on the extractor arm which withdraws castings from the dies. Flow through the original sprays was adjustable at the nozzle but atomisation was poor and surface coverage uneven.

It was found that continual adjustment of every nozzle—seven on each machine—in an effort to create a satisfactory balance simply wasted time and temper.

Through a lengthy commissioning period, the percentage of reject castings remained high, with output below target.

In January, the company consulted C. T. (London), Walnut Tree House, Woodbridge Park, Guildford, Surrey (0483 502020) UK distributor for Spraying Systems Co., of Wheaton, Illinois, US, on whose recommendation was installed the pneumatic atomising nozzles.

These are precision sprays which employ compressed air to break up the liquid into fine droplets and give close control over the volume, degree of atomisation and distribution of fluid applied—with the result that the die surfaces now receive even and correct lubrication.

Flow rate cannot readily be tampered with because the sprays are not adjustable at the nozzle. This means that an unwanted variable has been eliminated from the die-casting operation.

Chloride was able to select precisely the flow rate required from the wide choice of nozzles offered by the U.S. company. In effect, control could be exercised at the installation stage by plant engineering staff, allowing machine operators relief from a frustrating day-to-day task.

Since the installation of the sprays, the battery company says it has recorded a vast improvement in die-casting output, together with a sharp fall in the percentage of rejects.

French steriliser saves money

CANNED, BOTTLED and flexible packaged goods in the food and pharmaceuticals fields can be sterilised with an autoclave said to have a number of advantages over existing retort systems, says Reekcroft Food Processing Equipment, 35, High Street, Epworth, near Doncaster, Yorkshire (0427 873088).

Called the Steriflow autoclave, it is made in France by F. Hanau SA, and its maker claims savings of 47 to 82 per cent on direct sterilisation costs.

Advantages result from the use of the same recycled water for both heating and cooling during the sterilisation process.

Heating and cooling of the recycled water is by way of a heat exchanger — incoming water is, therefore, entirely separated from the product and does not need treatment in any way.

Any water readily available can thus be used, says the maker, including river water, recycled water, or drinking water. Should the last be used, energy can be saved by using it in other processes, as it is not polluted in any way by passing through the heat exchanger.

Other benefits gained from using a heat exchanger include: obviation of a cold water booster; only 4 kw power requirement for the four-crate unit; containers are cooled in a sterile medium; no thermal shock during the cooling process (particularly important when glass containers are used); and the condensed sterilising steam is entirely recovered.

Pressure inside the Steriflow autoclave is regulated independently of temperature by injection or evacuation of compressed air a feature considered to be essential for sterilising the latest developments in flexible packaging, including retortable pouches.

Standard cam programmer is used to control the unit but a microprocessor unit which can control and monitor from one to four Steriflow units simultaneously can be supplied.

● DATA PROCESSING

Video display by Plessey

DESIGNED AND engineered by Plessey Peripheral Systems in the United States is a video display terminal, the PT-100. The company has opened a new manufacturing facility in Santa Ana, California, which will concentrate solely on production of this unit.

PT-100 is a compact terminal with a detached keyboard which easily fits on a standard size typewriter table. Compatible with the DEC VT-100, it has a full advanced video package, providing a screen capacity of up to 132 columns by 24 lines, bold and half bright characters, 20mA current loop interface or RS232 interface for modem operation and a printer port which allows connection between the terminal and a printer.

The screen has both split-screen and pictorial capability, smooth scroll capability and is easily customised because of the large variety of user-selectable character and screen attributes.

Other aspects include double height/double width characters, selectable line by line, a standard 18 key numeric/function key pad, keyboard and/or computer selectable tab stops, built-in self-test diagnostics and 15 baud rates, up to 19,200, selectable from the keyboard.

Plessey Peripheral Systems, 3, Harrowden Road, Brackmills, Northampton, NN4 0EB. 0604 65151.

Ready made solutions offered

THREE SINGLE-BOARD computer products offering improved design and packaging concepts, and increased board and systems capabilities, have been introduced by Data General Corporation.

The new units MBC/2, MBC/3 and MBC/SDX, are additions to Data General's micronova (MBC) family, started in 1978 with the MBC/1.

MBC/2 and 3 provide a central processor, three types of memory, and serial and parallel input/output on a single 7½ x 9½ inch board.

Designed for environments where small packaging, stand-alone capabilities and ease of systems integration / development are important constraints, the units are for dedicated applications such as process control, medical instrumentation, test equipment and communications.

Data General, 724 London Road, Hounslow, TW3 1DD. 01-572 7455.

● RESEARCH

Updraught solar power idea

A NOVEL twist to the solar power concept is afforded by a scheme reported by The German Research Service in which sun-heated warm air rising up a chimney is used to drive turbines and generate electricity.

Backed by the German Ministry of Research and Technology and supervised by Julich Nuclear Research Establishment, the idea is to be tried out in Spain before the end of the year. It employs a glass-enclosed area of ground which is dyed black, the warm air from which is funnelled up a chimney in which turbines are installed.

Thermal capacity of the soil compensates to some extent for cloudy/sunny variations during the day and extension of use into the night is also said to be feasible. In addition it is planned to alter the turbine characteristics to regulate output.

Although the concept needs more ground area than the conventional solar systems, the capital cost is relatively low. According to the innovators, generating stations between 100 and 1,000 MW could be built in high sunshine areas at about the same cost as a nuclear station. However, chimneys 900 metres high and 10 km areas would be involved.

More from Deutscher Forschungsdienst, Ahrstrasse 45, (Wissenschaftszentrum), Postfach 205006, D 5300, Bonn 2.

● SAFETY

Poison dust blown to safety

EQUIPMENT and a method of handling stripped asbestos lagging in confined spaces has been developed by a UK company under a contract with the Ministry of Defence. It has obvious applications throughout industry.

Special applications division of Miracle Mills was called in by MoD to discuss the problem of how to cope with delagged asbestos in the boiler rooms of naval vessels undergoing refit or modernisation. The company put up a suggestion and was commissioned to carry it out.

Basic to the idea was the design of a hammer mill in such a way that it becomes possible to take it through the confined spaces below decks. Operators deposit the stripped asbestos directly in the mill which pulverises the fibre very finely, whereupon the resulting dust is drawn off into a suction plant and blown to a dockside bagging plant for safe disposal, and in a much smaller volume.

This fully-contained system is in opposition to procedures in which the stripped materials had to be carried, after hand-filling into bags, through the deck spaces before they could be discharged off-ship.

Miracle Mills, Franklin Road, London SE20 8JD, 01-659 2156.

Acquires data and responds

A SYSTEM which allows all the on-off actuations throughout a building or site complex to be registered centrally and which will provide the necessary outgoing control switchings, all over two pairs of wires, has been developed by Photain Controls, Unit 18, Hanger 3, Ford, near Arundel, Sussex (Littlehampton 21531).

Any complex may be divided into 30 key areas and each area might have industrial processes, fire alarms, security devices, generators, heating, lighting and other items that need monitoring. Sensors monitoring these items might be thermostats, pressure switches, photoelectric and many other devices that produce an off-off signal.

A central station shows the status of the 30 outstations to which the sensors are connected, by means of visual display unit and printer. Incoming signals can be monitored manually and action taken, or automatic responses to signals can be arranged, or action can be initiated in accordance with a pre-determined program. The information can also be fed into an existing computer or it can be repeated on display/command signs throughout the building, still using the same ring of four core cable.

Compact gas detector

PUT ON the market by PVS Control Engineering 59 Windsor Road, Maidenhead, Berkshire (0628 26390) is a gas detection device which will look for potentially explosive vapours.

This small unit contains not only the sensor and terminations but also the power supply, amplifier, comparator and other associated components normally found in the remote control room. This allows quick and easy calibration and maintenance and a significant reduction in space needed at the centre. Current is low.

Output facilities include two levels of alarm, normally set at 10 and 60 per cent of the lower explosive limit, fault alarm, and a 1 volt analogue signal that can be used for recording purposes.

Low temperature Oxycol catalytic sensors are used, with proven resistance to poisoning, and the normal response time is five seconds to 90 per cent gas concentration.

LOMBARD

Adjusting to the oil price

BY NICHOLAS COLCHESTER

Americaos are profligate in their use of enargy. The Brandt Commission pointed ont that one American uses as much energy as two Germans, three Japanese, nine Mexicans, 16 Chinese, 53 Indians or 1,072 Nepalese. With those monstrous cars and those houses shimmering in the haze of their own wasted heat, one can understand how.

In a perverse way this is fortunate. No one can cnt his consumption with less pain than the profligate. This is not to suggest that Americans ohould return to a Nepalese way of life. It is the comparison with Germany and Japan which is encouraging. Put crudely, it implies that the U.S. could halve its per capita energy use while still enjoying the same standard of living.

There is no rival to the price mechanism to ochieve this magical reduction. The chart shows how the U.S. only hegan to face up to the reality of the new world oil price relatively recently. But statistics of other industrial countries, which faced the music earlier, make encouraging reading.

Fuji Bank recently produced a survey showing how Japan had adjusted. It is true that normal mortalo connot hope to rival the Japanese when it comes to regimented adaptations. But on the other hand, the Japanese economy was certainly not awash with cheap energy when its transformation started.

Big savings

Between 1968 and 1973 the Japanese gross nationol produrl grew at an average of nine per cent per year. Energy consumption grew at a rate of 11 per cent. Then came the first oil "shokku." In the years from 1973 to 1978 average growth was holved hut the rate of growth of Japanese energy consumption dropped hy a factor of oeven to 1.4 per cent per year.

Fuji Bank also shows where the hig savings in energy consumption were achieved. Over the entire manufacturing sector, energy use per unit of production dropped by 15 per cent hetween 1973 and 1978.

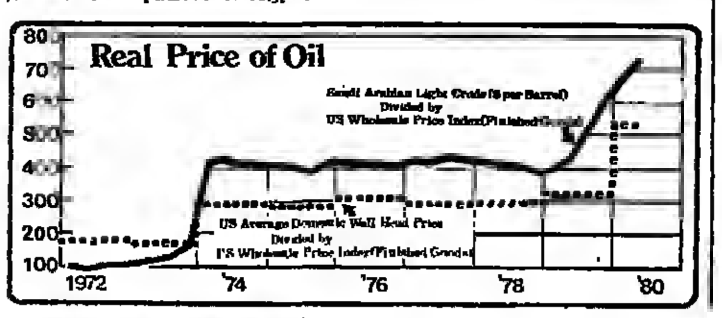
If Japan can achieve these sort of figures, imagine the potential impact of higher oil prices on the U.S., the country which consumes 28 per cent of the world's total use of oil.

My hunch for the aftermath of the latest rise in the real price of oil is a totally unexpected stagnation, persisting beyond the current recession, in the Western world's use of oil. A slump in the price aeemo less likely hecause supply can rapidly be adjusted downwards hy OPEC countries which are currently exporting far more than they need to. But the combination of static real price and sliding OPEC volume could have a large impact on the balance of payment recycling prohlem which everybody io now worried about.

Monster cars

How can Western growth be oustained if oil consumption io to stagnate? The answer lies in the often forgotten fact that the use of oil is ao vulnerable to price as that of any other commodity. Japan's adjustment: the painful cure of Detroit's addiction to monster motor cors; the moves in the chemical Industry towards non-oil feedstocks—the list of examples is already long.

Nor need the adjustment to a higher oil price he regarded in the West as ecnnnmic sacrifice. In affluent societies without an obvious job of self-development to get on with, Imposed change con act as a otimulant even if, at first sight, it requires a deflationary drain of existing resources.



London's opportunity in arbitration

BUSINESS AND THE COURTS

By A. H. HERMANN, Legal Correspondent

"THE ONLY merit nf many arbitration clauses in vogue, if one is cynical about them, is the fact that they provide a great incentive for settlement... However, the parties often only come to realise thia after they have exhausted themselves over a period of years in expense and frustration." wrote Mr. Justice Kerr recently*.

He illustrated the trihulations of parties engaged in international arbitration by recounting the history of a case which, after 15 years, is still before an arbitration tribunal controlled by the Paris-based International Chamber of Commerce (ICC), now the leading institution in this field.

The dispute is between a German company and the UK subsidiary of a U.S. company. It concerns a large plant built in Germany. The arbitration clause provided that the ICC ahould appoint an umpire, and that the arbitration should take place in Zurich.

The first series of difficulties was about the appointment nf the tribunal. The German company appointed an English QC, and the UK compony a Canadian QC as their arbitrators. After a year the Canadian QC resigned, and was replaced by a retired New York Judge after a delay nf many montho. The delay waa due tn objections raised by the German company against the inconvenience of a second transatlantic appointment, and the resulting dispute within a dispute bad to be settled hy the ICC. Instead of selecting someone from Zurich where the arbitration was to be held, the ICC left the decision to its Danish National Association, which appointed as umpire a Danish Supreme Court jndge. The difficulties and expenses of getting the London QC, the New York judge, and the Copenhagen judga together are obvious.

As none of the members of the tribunal had any connection with Zurich, where the arbitration was to be held, the first hearings were convened to Copenhagen. After some time they agreed on directions for the disclosure of evidence according to English procedure and practice, but the partieo were ohocked when they found out what a staggering vnlume of documents waa required from them. To avoid this, one oide decided to take advantage nf the agreement that Zurich should he the place of arbitration, and invoked the procedural provisions of the Zurich code.

By this time the UK company was represented by a New York firm taking advice on English lew in London, and the German company by a German-speaking London solicitors and a German law firm. Nnne nf these knew much about Zurich procedure, so Zurich lawyers had to be hrought in, and the bearings then continued in Zurich.

From tbat time the rule that the more lawyers are involved the less certain is the law started to play havoc with the case. It had heen agreed in Copenhagen that the trihunal should have no power to appoint its own technical experts, and that experts should be called hy both parties and cross-examined, as in England.

This would have resulted in continuous bcarings over many months, and wbile the trihunal waa apparently ready to face this ordeal in Copenhagen, wbich is a pleaoant city and the bome of the umpire, they were not ready to face the same in the rather auatere city of Zurich where they were all strangers.

They were glad to he advised that under Znrich law an arbitration tribunal cannot renounce its right to appoint a technical expert, and they, therefore, switched from the English to the Contenental procedure—which English lawyers like to call inquisitorial.

As might be expected, the Danish umpire then resigned and ICC replaced him with a professor of law, not from Zurich hut from Basle, prohably hecause the Basle procedure is different from that of Zurich, and the case was not yet complicated enough.

The new tribunal appolnted a Swedisb technical expert, but one of the parties challenged his appointment all the way to the Swiss Federal Court. Ultimately, the appointment was upheld on a provisional hasis without prejudice to the validity of the award — a decision which ultimately put in jeopardy efforts which lasted a full 14 years. However, there were other immediate consequences. The English arhitrator had had enough and after aome delay was replaced by a Zurich lawyer.

For oome time hearings proceeded nntil one of tbe parties asked the Swlss courts to remove the umpire (the Basle professor appointed hy ICC) nn the grounda of bias and misconduct. Thia application wao ultimately diomissed hy the Swiss Federal Court, and in 1979, the tribunal made its award.

Bnt . . . that was not the end of the story. While proceedings for the enforcement of the award were pendlng in the UK a Zurich court set the award aside on the grounds that, after all, an independent expert should not have heen appointed by the tribunal. We will probably have to wait a few more years before we bear the end of the story.

In addition to the difficulties whicb can be caused by ICC administrative cnntrol and its requirement that arbitrators must be approved and their awards scrutinised hy tha ICC Court of Arbitration, there are also fees to be paid based on the amount in dispute but subject to a discretinn so that they come out either too high or too low, and are unpredictable. The ICC also requires the parties and the tribunal to agree and submit for approval terms of reference covering the issueo and the procedure of the arbitration, and such agreement may take months to reach.

It is clear that there Is a need for an alternative facility. London was ruled out as long as parties could not contract out of appeals to the Commercial Court. The 1979 Arbitration Act made this poasible for the aort of arbitratinn now often supervised hy the ICC, but London needs an institution able to appoint suitable arbitrators and umpires on request and provide premises and other ancillary services.

Mr. Justice Kerr believes that such an organisation should not seek to control arbitrations. It should leave the procedure at the sole discretion of the tribunals, which need not necessarily comply with English rules. The emphasis should be on the quality of the arbitrators, and these should have a free band to conduct each arbitration as they think best. It is good to bear from a High Court judge and Chairman of the Law Commission that "in long and complex cases the Continental inquisitorial procedure is often more effective than our adversary system."

Mr. Justice Kerr also said: "Our arbitrators will have to learn to be more imaginative than merely to follow the mirror-image of the procedure in our courts." It is a sad fact that hy imitating court procedure and by seeking precedents instead of going by their hnsiness sense, London arbitratnrs very often take longer than would judges and are more costly. The judge calls for a new organisation and a change of heart. The first may be necessary — the second definitely is.

* *The Journal of Business Law 1980 pp 164-180.*

Le Moss looks a cup winner

RACING

BY DOMINIC WIGAN

LE MOSS today attempta to add to his remarkable tally of successea and an already Impressive course record in the Goodwood Cup.

Last season the Warren Place five-year-old notched up a hat-trick of cup races—Royal Ascot, Goodwood and Doncaster—the first time it had heen achleved In 25 years.

And in doing so, he made light of his taste in the middle leg—this afternoon's race.

Despite hoving to give weight to the Gold Cup third, Arapaahos, the Queen Alexandria winner, John Cherry and Nicholas Bill, who won the Sagaro, Le Moss scored as he pleased.

A stayer capahle of maintaining a relentless gallop in any conditions, Le Moss proved in his only race this year, the Ascot Gold Cup, that he remains the one to beat in the top stomina tests.

He ahould win at the expense of Ardross, who seemed to he coming to the end of his tether near to home in the Ascot Gold Cup.

Although Ardross is 2 lbs hetter off, be has a furlong extra to travel here.

Half-an-hour after the day's feature race the other principal prize-winner of the Ascot meeting, African Song, is due to go through his paces in the King George Stakes.

This consistent sprinter decisively won the £40,000 added King Stand Stakes. Fast away in tbe hands nf Pat Eddery, this cheaply purchased hay hlazed a trail up the ceotre of the course.

Although his time of 62.34 oeconds wao not an impressive one, he put Runnett, Abdu, Queen Of Cornwall and Susarma firmly in their places.

With Abdu and Queen Of Cornwall absent from today's race, African Song again seems likely to come out on top.

Following To-Agori-Mou's scintillating victory in the npener at Goodwood yesterday, it is difficult to look heyond the Queen's Church Parade in the Lanson Champagne Stakes.

Church Parade, a Queen's Hussar bay out of Highclere's balf sister, Christchurch, opened hio account at the first time of asking. He could he a top-class two-year-old.

GOODWOOD

2.00—Count Rostov**
2.35—Church Parade***
3.05—Hereas
3.45—Le Moss*
4.15—African Song
4.45—Grand Conde

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (ultra high frequency only). 9.50 Noah and Nelly io Skylark. 9.55 Jackanory. 10.10 Jigsaw. 10.35 Why Don't You? 1.30 pm Mister Men. 1.45 News. 2.00 "Les Girls," starring Gene Kelly, Kay Kendall and Mitzi Gaynor. 3.50 Olympic Grandstand.
5.40 News.
5.50 Olympic Grandstand (continued).
7.40 The Wonderful World of Disney.
8.30 Last of the Summer Wine.
9.00 News.
9.25 "Scruples," part 3.
10.55 Russell Harty's All About Books.
11.30 Weather/Regional News.

All Regions as BBC1 except as follows:—

BBC Cymru/Wales—7.40 pm Wales Today Bulletin. 7.45 Heddiw. 8.05-8.30 Ffenestri Llliw. 11.30 News and Weather for Wales.

Scotland—1.25-1.30 pm The Scottish News. 11.30 News and Weather for Scotland.

Northern Ireland—11.30 pm News and Weather for Northern Ireland.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.20 pm Glorious Goodwood.
4.15 Play School (As 11.00 am).
4.40 Tom and Jerry and Barney Bear.
4.50 John Craven's Newsround.
5.00 We Are The Champions.
5.25 Fred Bassett.
†5.30 Close Relations with Fatty Arbuckle.
5.50 Nationwide (London and South East).
6.15 Animal World.
7.05 Prancing aod Dancing All Over The Place.
7.30 Mid-evening News, including sub-titles.
7.40 Dallas.
8.30 Sky with Rhythm on 2.
9.10 Call My Bluff.
9.40 Inside Story.
10.45 Newsnight.
11.45 Open University.

BBC2 Wales only—5.50-6.15 pm Wales Today.

BBC2 Scotland only—5.50-6.15 pm Reporting Scotland.

BBC2 Northern Ireland only—5.50-6.15 pm Scene Around Six.

BBC2 England only—5.50-6.15 pm Look East (Norwich); Look North (Leeds, Newcastle); Points West (Bristol); Look Northwest (Manchester); South Today (Southampton); Midlands Today (Birmingham); Spotlight South West (Plymouth).

LONDON

9.30 am Gardening Today. 10.00 About Britain. 10.25 The World We Live In. 10.50 Mystery Island. 11.05 Marriage of Convenience. 11.55 The Animates. 12.00 Little Blue. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.30 Send in the Girls. 3.30 Looks Familiar. 4.00 Olympics '80. 5.30 Thames News.
5.50 News.
6.00 Olympics '80.
7.30 Robin's Nest.
8.00 The Cuckoo Waltz.
8.30 Edward and Mrs. Simpson.
9.30 Olympics '80.
10.00 News.
10.30 This England.
11.00 Lou Grant.
12.00 What The Papers Say.
12.15 am Close: Personal choice with Michael Burrell.

All IBA Regions as London except at the following times:—

ANGLIA

10.25 am Friends of My Friends. 10.50 Red Gauntlet. 11.20 Words and Music. 11.50 Cartoon Time. 12.30 pm Against the Wind. 1.20 Anglia News. 5.30 About Anglia. 10.30 The Brian Connell Interviews. 11.00 The Pennines—A Writer's Notebook. 11.30 The Prime of Miss Jean Brodie. 12.30 am The Living Word.

ATV

10.25 am The 1980 Butlin's Grand Masters Darts Championships. 10.50 Chopper Squad. 11.40 Further Adventures of Captain Nemo. 11.45 Here Comes Mumfie. 12.30 pm Against the Wind. 1.20 ATV Newsdesk. 5.30 ATV Today. 11.00 ATV Newsdesk. 11.05 The Prime of Miss Jean Brodie.

BORDER

10.25 am Sounds of Summer. 10.50 Ulster Journey. 11.15 Look Who's Talking (Derek Batey talks to Vince Hill). 11.40 Clue Club. 1.20 pm Border News. 5.30 Lookaround Thursday. 11.00 Soap. 11.30 Vegas. 12.25 am Border News Summary.

CHANNEL

12.30 pm Against the Wind. 1.20 Channel Lunchtime News, What's On Where and Weather. 5.30 Cartoontime. 7.30 Channel Report. 8.00 Check It Out. 10.28 Channel Late News. 10.38 Summer of '80. 11.00 Soap. 11.30 This England. 12.00 Pro-Celebrity Darts. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.25 Sounds of Summer (Marian Montgomery). 10.50 Documentary—"Ulster Journey." 11.15 Look Who's Talking (Vince Hill). 11.40 Cartoon Time. 12.30 pm Against the Wind. 1.20 North News. 5.30 Police News. 5.35 North News. 11.00 Soap. 11.30 North Headlines. 11.35 Sounds Gaelic. 12.05 am Reflections.

GRANADA

10.25 am The Lost Islands. 10.50 A Handful of Songs. 11.00 Sesame Street. 12.30 pm Against the Wind. 1.20 Granada Reports. 5.30 Granada Reports. 11.00 And the Band Played On. 11.30 What the Papers Say. 11.45 Bluey.

HTV

10.25 am Moynihan. 11.20 Clapperboard. 11.50 Larry the Lamb in Toytown. 12.30 pm Against the Wind. 1.20 Report West Headlines. 3.30 The Good Neighbour Show. 5.30 Report West. 10.28 HTV News. 10.35 Cinema Club.

HTV Cymru/Wales—As HTV West/HTV General Service except: 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 3.30-4.00 Looks Familiar. 5.30 Y Dydd. 5.40-5.50 Report Wales.

SCOTTISH

10.25 am Sounds of Summer (Marian Montgomery). 10.50 Ulster Journey. 11.15 Look Who's Talking (Vince Hill). 11.45 Sally and Jake. 12.30 pm About Gaelic presented by Anne Lorne Gillies. 1.20 News and Road and Weather. 5.30 Scotland Today News followed by Crimedesk. 11.00 The Jazz Series (Ronnie Scott Quartet). 11.30 Big Break International (John Spencer and David Taylor). 12.15 am Late Call.

SOUTHERN

10.25 am New Forest Show. 12.30 pm Against the Wind. 1.20 Southern News. 5.30 Day by Day. 10.35 Cross-Channel. 11.05 Barney Miller. 11.35 This England (The Pennines: A Writer's Notebook). 12.05 am What the Papers Say.

TYNE TEES

9.20 am The Good Word followed by North East News. 10.20 The White Stone. †10.45 Morning Movie: "Valley of Eagles" starring Jack Warner and Nadia Gray. 1.20 pm North East News and Lookaround. 5.30 Northern Life. 7.30 This England. 10.30 North East News. 10.32 Alright Now. 11.00 Check It Out. 11.30 A Real Fire. 12.30 am Time Flies in Friday.

ULSTER

10.25 am Sounds of Summer. 10.50 Documentary: "Ulster Journey." 11.15 Look Who's Talking. 11.45 Cartoon Time. 1.20 pm Lunchtime. 3.58 Ulster News Headlines. 5.30 Ulster Television News. 5.45 Police Six. 10.29 Ulster Weather. 10.30 Lot the Music Take You. 11.00 Soap. 11.30 This England. 12.00 Bedtime.

WESTWARD

10.25 am Sounds of Summer (Marian Montgomery). 10.50 Ulster Journey. 11.15 Look Who's Talking (Vince Hill). 11.40 Larry the Lamb in Toytown. 12.27 pm Gus Honeybun's Birthdays. 12.30 Against the Wind. 1.20 Westward News Headlines. 5.30 Cartoontime. 7.30 Encounter (Viscount Cranborne, MP). 8.00 Westward Diary. 10.32 Westward Late News. 10.36 Summer of '80. 11.00 Soap. 11.30 This England (The Pennines—A Writer's Notebook). 12.00 Pro-Celebrity Darts. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.25 am Space Ghost and Dino Boy. 10.50 The Lost Islands. 11.10 Space 1999. 12.30 pm Tell Me Another. 1.20 Calendar News. 5.30 Calendar (Emley Moor and Belmont editions). 11.00 Fantasy Island. 12.00 Superstar Profile featuring David Niven.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Andy Peebles. 4.31 Richard Skinner. 7.02 25 Years of Rock. 8.00 Mark Hurrell. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S). 7.32 Terry Wogan (S). 10.05 Jimmy Young (S). 12.05 pm David Hamilton (S). 3.03 Olympics 80 with John Dunn. 7.33 Much More Music (S). 8.02 Country Club. 9.02 Alan Dell with the Big Band Sound (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Olympic Sports Desk. 11.15 Peter Clayton with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music.

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Boccherini (S). 9.45 Andre de Groote piano recital of music by Faure and Satie. 10.20 London Concertante part 1 (S). 11.05-11.10 Interval Reading. 11.10 London Concertante, part 2. 11.55 Halle Orchestra, part 1 (S). 1.00 News. 1.05 pm Halle Orchestra, part 2 (S). 1.50 Imogen Cooper piano recital (S). 2.45 "Le Villi," opera by Puccini (S). 3.55 Upottery Festival 1980 (S). 4.55 News. 5.00 Mainly for Pleasure (S). (‡ and mono only from 8.20). 7.00 Violin and Piano recital (S). 7.30 As Radio 4 UK. 8.45 Athene Ensemble (S). 10.05 Music In Our Time (S). 11.00 News. 11.05-11.15 Thomas Tomkins (S).

VHF only—Open University—6.00-7.00 and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.

RADIO 4

5.00 am News Briefing. 5.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 It's All the Fun of the Fair. 9.30 The Living World. 10.00 News. 10.02 Enterprise. 10.30 Daily Service (S). 10.45 Story Time. 11.00 News. 11.05 Analysis. 11.50 Smith on Survival. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre. 4.15 Any Answers? 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Strain of Britain. (S). 7.00 News. 7.05 The Archers. 7.20 Time For Verse. 7.30 Concert, part 1 (S). 8.30 Coming To Life in Leeds (talk). 8.50 Concert, part 2 (S). 9.45 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

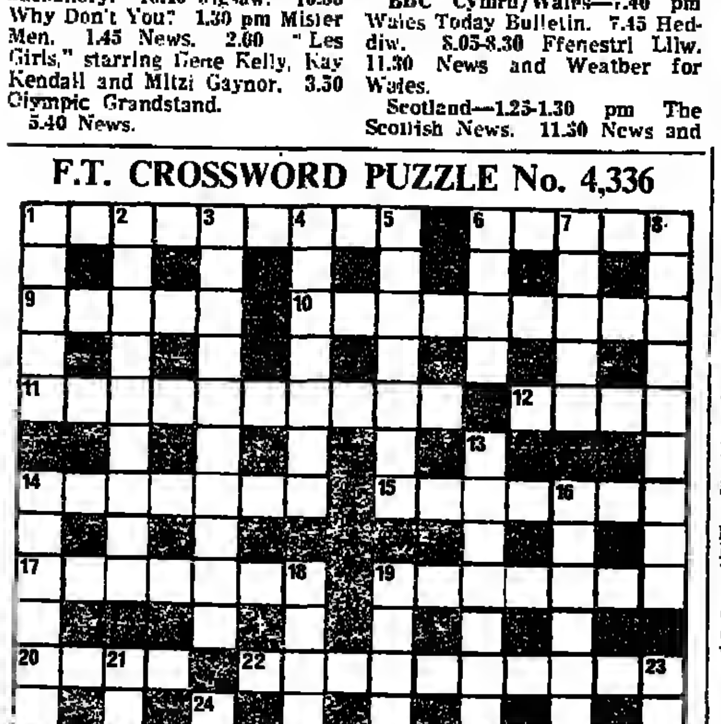
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes presented by Vivian White. 12.00 LBC Reports. 8.00 pm After Eight—Richard Robbins. 9.00 Mike Dickin—Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra—Carol Allen. 4.00 London Interview. 5.00 Morning Music.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 1.00 pm London Today First Report (S). 1.10 Graham Dene continued. 3.00 John Sachs (S). 7.00 London Today (S). 7.20 Lord George-Brown's Capital Commentary (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Tony Myall's Late Show (S). 2.00 am Duncan Johnson's Night Flight.

F.T. CROSSWORD PUZZLE No. 4,336



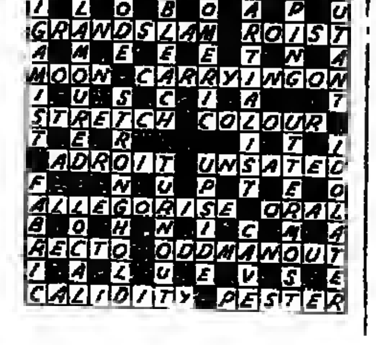
ACROSS

1 Garden to cultivate for an incongruous mixture (9)
6 A rigid hody (5)
9 Maturing a drink by gravity (5)
10 Change my logo yet it may produce an original root (9)
11 Follows feast and anything very untidy (4, 6)
12 Fabric covered with grass (4)
14 Injured mother got older (7)
15 Viking pirate and fish (3-4)
17 Where a customer must fork out and suffer in front of lectern (3-4)
19 Require too much of undisguised article and unknown quantity (7)
20 Cruel person makes partial progress (4)
22 Vegetarian food for immature South African boy (5, 5)
25 Seraphic plant producing candied stalks with learner (9)
26 Repugnant untruth in article (5)
27 Give out and give in (5)
28 Hindrance from mischief maker joining start of excursion trip (9)

DOWN

1 Paid about a pound for Highland dress (5)
2 Watery and sticky what-d'you-call-it (9)
3 What students strive for—hot weather? (4, 6)
4 Nymph of the great sea 1 had in follow (7)
5 Without an opener and tone-deaf (7)
6 Fruit that sounds late (4)
7 I work at the French image (5)
8 Bat, moving very rapidly to deceive (6, 3)
13 Construct a cover for spectators and score a lot of runs with one's partner (4, 1, 5)
14 Tact that needs certificate on extremes of courtesy (9)
16 Month I left feline in unit with forty-eight ducks (9)
18 A ricksha with no pole, modified for a city in Pakistan (7)
19 Reach across the edge for too much drink (7)
21 Cheat a rascal or a sport (5)
23 Close a pit to the south-east (5)
24 Lump of earth left in fish (4)

Solution to Puzzle No. 4,335



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THE ARTS

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Record Review

Something old, something new

by ANTONY THORNCROFT

The record industry is really down in the dumps — sales a quarter lower than last year, (and that was no boom time) and not a trend in sight on to which to latch. Heavy metal music is enjoying a quick revival but there is a limit to the number of people who want their heads pounded by electric sledge-hammers.

The old guard Pink Floyd, Deep Purple, Queen, Genesis—are proving that super-groups never even fade away. But where are the new Dylan, the next McCartney, the Rolling Stones of the '80s? While the record companies search the highways, here are albums *from* the old Dylan, Mac and Stones, oddly bunched for summer release, the slackest time for sales.

Of course, there is no "old" Dylan now. There is a born-again Dylan who has embraced fundamentalist Christianity with an enthusiasm and commitment which makes Cliff Richard look positively decadent. Dylan's new album *Saved* (CBS 86113) is unabashed proselytising, and none the worse for that. It is his critics who adored him when he fought the evils of the world in his music with the world's methods and now attack him when he ascends to more fundamental matters, who look petty.

There is no reason why a love-song need be any the less affecting when it is about the Virgin Mary, as in "Covenant Woman," than, say, "Lay, Lady, Lay" from the earthly days. Dylan's strident voice suits gospel-music well and, although in this clutch he has yet to prove that the Devil does not still have all the best tunes, it scores high on emotion.

In fact, the absence of the sneering quality with which Dylan used to spit out his earlier songs on human injustice is a great gain. Perhaps the dogged determination with which he shouts out the message, and the lack of any humour, lend an obsessive quality to the tracks, but the passion and the commitment are echoes of the best early Dylan, and the band plays as tightly and adroitly as ever. A curiosity no doubt but *Saved* exudes an intensity and purpose missing from the average, why-did-they-bother album.

With the Rolling Stones no adaptation is needed. Keith Richards guitar stays as suggestive as ever; Bill Wyman's bass, and Charlie Watt's drumming as rock-solid; Mick Jagger still postures the vocals; there is usually a saxophone honking purposefully.

In an effort to pretend that the Stones' world did not stop a decade ago, current fashions are incorporated. "Dance" is black disco; then on to "Summer Romance," which winks at the "new wave" bands and the reggae rhythms of "Send it to me," and so it goes on.

But it does not matter: it is really the Rolling Stones all along and you can only wonder at the groups which pretend to the title of the "best rock-and-roll band in the world." Their only relevant rivals would be the J. Geils Band but the Stones have the confidence, no, arrogance, and the money, to perfect their albums.

Emotional Rescue (CUN 39111) is one of their best for years. It is a pastiche, but of the finest. You can easily imagine millions falling on the dance floors throughout the world on the first bars of songs like "Let me go": the Rolling Stones are the Victor Sylvester of rock, but exciting, as well as dependably strictly rhythmic, in their well-controlled anarchy. Few marks for originality, top marks for enjoyment.

On the cover of Paul McCartney's new album, *McCartney II*, (PCTC 258) there is a line which tells you that the whole thing was recorded at home and that all the instruments and voices are his own responsibility, though wife Linda gets in there with some backing vocals.

Well; that explains what is wrong with it. There is a tricksy quality about it, mixed with an infant-school percussion-band and precision, which is faintly disturbing at first hearing—as if the album had been created by a human computer.

But that is the McCartney trade-mark — simple copybook melodies and lyrics that are quite clever but also quite unnecessary, showing no sign of the passion which glows through Dylan. The imagination is so under control that even the best songs, the brisk "Coming Up" and the insidious "Waterfalls" sound like McCartney standards of ten years or so ago.

The listening is too easy, and although the range in tempo and instrumentation is quite remarkable the restriction in terms of one creative source and a limited recording technique make it a fine example of Dr. Johnson's dog walking on its hind legs—an achievement, but so what. There is also too much *dead drumming*. Even so it will please millions, not least Paul McCartney, who is most commendably proving single-handed that there is life after the Beatles.

If there is going to be an '80s sound it should be the synthesiser. Too many groups huddled around the synthesiser seem to be playing tricks with the instrument, testing its possibilities. Ultravox has jumped ahead and produced an album, *Vienna* (CHR 1296), which manages to sound human, too. This is the acceptable face of electronic music and songs like "New Europeans" even have "street relevance," last year's judgment stick.

Heavy metal is as invigorating as an electric shock and a dip into the cult should hardly last longer—*Iron Maiden* (EVIC 3330) tells you all you need to know, which is not much. Better old heavy rock than new heavy metal, and *Deepest Purple* (EMTV 25) has all the excitement wrapped up in period charm.

More period charm from Jackson Browne, who seems to be in his usual reflective furrow in *Hold Out* (Asylum K.52226). No one need ask more, because Browne writes some of the most painfully personal songs of the time, but all geared to public *angst*.

It may be very American, and the melodies rarely stray far from the same melancholic strain, but after eavesdropping on his most recent traumas it is hard not to feel toned up. Undoubtedly an album that will take a grip on you—like a leech.

Keith Richards and Mick Jagger

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1979							
1st qtr.	110.4	102.5	98	100.7	134.0	1,351	234
2nd qtr.	114.8	107.0	107	106.2	144.8	1,299	250
3rd qtr.	112.6	103.1	99	99.5	144.0	1,269	247
4th qtr.	112.5	103.8	106	101.7	151.9	1,286	230
Dec.	111.9	103.6	102	101.7	153.1	1,294	219
1980							
1st qtr.	110.6	100.9	98	103.2	157.8	1,379	193
Jan.	112.0	102.2	86	103.1	155.5	1,339	207
Feb.	110.6	101.4	97	103.9	158.5	1,383	191
March	109.0	98.5	108	102.6	159.4	1,414	181
April	107.1	98.3	99	102.3	161.0	1,458	109
May	107.0	97.2		100.6	160.2	1,484	163
June				100.5		1,535	147
July						1,606	126

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
1st qtr.	105.9	99.1	127.0	98.7	98.4	100.0	12.9
2nd qtr.	108.8	102.7	133.1	102.6	110.0	103.4	21.3
3rd qtr.	105.9	95.9	132.3	94.7	103.8	100.6	21.0
4th qtr.	105.0	101.0	129.5	98.9	102.6	96.0	18.1
Dec.	105.0	102.0	127.0	100.0	100.0	93.0	15.0
1980							
1st qtr.	105.2	101.9	124.8	99.3	63.1	91.7	12.3
Jan.	107.0	103.0	127.0	102.0	65.0	94.0	13.2
Feb.	106.0	103.0	124.0	101.6	59.0	92.0	11.4
March	103.0	99.0	124.0	95.0	65.0	89.0	12.2
April	101.0	98.0	121.0	95.0	81.0	83.0	15.0
May	99.0	96.0	123.0	93.0	97.0	85.0	17.0

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
1st qtr.	109.0	116.9	−1,588	−1,215	−235	107.0	18.78
2nd qtr.	135.3	128.9	−486	−357	−229	160.4	21.69
3rd qtr.	129.8	128.1	−493	− 83	−158	106.8	23.18
4th qtr.	129.3	128.9	−745	−711	−157	103.7	22.54
Dec.	131.3	131.2	−252	−229	+ 88	102.6	22.72
1980							
1st qtr.	131.3	126.5	−723	−417	−126	100.7	24.87
Jan.	129.8	128.0	−315	−213	− 76	100.9	23.71
Feb.	136.5	128.9	−232	−130	− 45	100.6	23.93
March	127.7	122.7	−176	− 74	− 5	100.6	26.96
April	127.3	127.6	−264	−214	+ 44	101.8	28.01
May	130.2	121.4	− 18	+ 32	− 10	102.0	28.28
June	130.3	125.3	− 17	+ 33	− 15	103.4	28.17

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
1st qtr.	7.2	8.4	32.0	+1,296	777	1,581	13
2nd qtr.	5.2	15.6	28.5	+2,628	777	1,867	14
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
Dec.	5.1	12.6	16.2	+ 250	161	593	17
1980							
1st qtr.	−4.0	7.2	21.9	+1,673	634	1,972	17
2nd qtr.					697		17
Jan.	−6.9	8.1	22.6	+ 737	235	688	17
Feb.	−6.7	6.1	20.7	+ 271	199	665	17
March	−2.3	7.5	25.4	+ 711	200	641	17
April	−4.0	4.8	18.8	+ 695	266	676	17
May	4.0	11.4	21.9	+1,144	225	621	17
June	−4.0	+12.0	28.0	+1,352	206		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and *food prices* (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
1st qtr.	144.2	153.4	161.6	208.9	218.8	268.88	64.0
2nd qtr.	147.3	163.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
Dec.	105.1	187.5	183.4	139.4	239.9	295.13	69.7
1980							
1st qtr.	167.7	197.6	191.5	248.8	247.5	284.47	72.4
Jan.	163.0	193.5	188.5	245.3	244.8	308.69	71.4
Feb.	107.3	197.6	191.5	248.8	246.7	304.27	73.2
March	172.8	200.4	194.3	352.2	251.1	284.47	72.6
April	175.0	202.4	197.0	260.8	254.1	275.67	72.6
May	177.9	200.5	199.1	263.2	265.7	268.23	74.3
June		201.3	201.0	265.7	257.9	267.45	74.4

* Not seasonally adjusted.

Chichester Festival Theatre

Old Heads and Young Hearts

The first production of Boucicault's play in 1844 was nearly ruined by a dispute between the author and his leading players. Boucicault told them: "Your business is to utter what *I* create"—an opinion that they thought "an inflated view of the relative positions of actor and dramatist." The dispute was patched up in time for the opening, but we shall not know from this production under Michael Simpson's direction how far either side won its point, for what we now have is a free adaptation by Peter Sallis.

The plot is very simple, but so decorated by applied complications that its progress is hard to follow. Lord Charles Roebuck, a young man of fashion, is in love with Kate Rocket, daughter of an Indian Army colonel. His friend Littleton Coke, an unsuccessful lawyer, is in love with Lady Alice Hawthorn, a wealthy young widow. Charles is standing in the Whig interests at a by-election, Littleton stands as the Tory. Littleton wins, but we see only one short electioneering scene, naturally one involving corruption.

On the other hand, the election plays its part, for Charles' father, Lord Pompion, makes his carriage available for the hustings and it's used for an elopment instead, as the result of interference on the part of a silly well-meaning cleric. The young men both elope, disguised as grooms, but accidentally they elope with the wrong girls—the clergyman again.

Since this mistake is instantly rectified by moving the girls across the stage, no lasting harm is done. This is the play's weakness, that it depends so much on comic character and so little on ingenuity of plot. I never felt involved with the fate of these lightweight characters, and if you can't feel concerned, the point of farce melts away. The girls are so indifferent to the approaches of the young men, that I should never have been surprised at any matrimonial arrangement they ultimately decided on.

Comedy is taken to pantomime heights. Colonel Rocket, Kate's father, gives drill orders to everyone, even to his daughter in the drawing-room; Frank Windsor barks them out in an unvarying fortissimo. Peter Sallis plays the foolish parson like an extended Canon Chasuble. Lady Pompion (Lally Bowers), is a languid lady in the Restoration manner, and it's too bad that she's given no more to do. We are asked to believe that Donald Eccles as her husband is Home Secretary, no less; I'd have been equally ready to accept that he was Archbishop of Canterbury, for Boucicault has given him little individuality to get hold of.

As for the younger men, they are so much alike that I couldn't always tell which was which. Lewis Fiander is Littleton, Christopher Strauli is Charles, and they are both dressed in the height of 1844 fashion by Robin Fraser Paye, who has had much more fun with some pretty frocks for the girls. But the girls are fairly well alike, too: I sympathise with the spirits of the original players if their object in changing the author's dialogue was to add personality to their parts. Judy Parfitt is Alice, the 'coruscator-in-chief at the Opera'; Briony McRoberts is Kate, and if she were given Alice's coruscating clothes she would be Alice.

Eileen Diss has done two nice sets (with a characteristic Chichester scene-change in Act 2), but the director has made the mistake of ordering a false proscenium at the back of the stage so that although the stage still projects into the house, the acting is straight out from the back as *if* seen through an invisible arch.

B. A. YOUNG

Young Vic

Krapp's Last Tape/Endgame

These productions of Beckett by Beckett, reviewed on this page last month when given at the Oxford Festival, offer nothing as definitive by way of interpretation as did the author's version of *Waiting For Godot* in Berlin some years ago. In Oxford, Garry O'Connor commented on the lack of tragic grandeur in *Endgame*; the performance begins to peter out after an hour, more or less at the moment when Rick Cluchey's chair-bound blind and uncured Hamm claims a line of Prospero's. Cluchey's Krapp is taut and controlled but, for my money, does not rival the vaudevillian poignancy found in the role by Max Wall.

A ghastly programme note reminds us that Beckett's champions often miss the point of his theatre work by as wide a margin as do the "I'm having none of this nonsense" school of Philistine dissenters. The productions come to us, we are assured, still warm with the chill of Beckett's direction. As soon as you start talking about fissures in the void, you are in trouble. But a man re-living his youth by playing back tapes of it strikes an immediate chord. Something has been lost, the present is unhearable but must be faced. Beckett is the prophet of grim stoicism and it is the tension between optimism and nihilism that gives his theatrical voice such immediacy and power.

Once the late great Tynan started looking for "messages first" he could no longer stomach Beckett's gloom and doom, reviewing this double-bill at the Royal Court in 1958 in the form of a brilliant parody, *Slamm's Last Knock*. But, in the middle of murk, joy keeps breaking through. "Why did you engender me?" wails Hamm through glasses darkly at his father, Nagg, who lurks in one of the two notorious dustbins. "*I didn't know.*" "Know what?" "That it would be you." And Nagg's story of the trousers leaps out as a genuinely funny anecdote, chiming with the predominantly Irish intonation of the rest. Hamm and Clov are Prospero and Ariel, patient and doctor, Lear and the Fool. They survive as archetypes, teasing and entertaining as ever they did.

Rick Cluchey's San Quentin Drama Workshop now has a world-wide reputation, stemming from Cluchey's discovery of Beckett while serving a life sentence. As Krapp, trapped with his memories and movingly summoning a cluster of mixed emotions on a diet of bananas and booze, the solo turn has an authentic dignity. But it is a needlessly pained and po-faced rendition, leaving us to ponder the private world of Beckett's speech patterns ("Vicar, vicious, viduity" echoes the "Curate, cretin, critic" of the tramps in *Godot*) at the expense of asserting, against all the odds, a vibrant personality.

MICHAEL COVENEY

ICA Theatre

The Secret of the Universe

As a follow-up to his full-length punk sit-com, *The Tax Exile*, Jonathan Gems's lunch-time play is a slight disappointment. But, as a forthright and entertaining glimpse of the gentle disillusion among today's dope-dealing, record-pressing young generation the show is a treat.

The film-maker Derek Jarman, assisted by Steven Meaha, has designed a loosely evocative stage picture; Bisto Kids on the floor, Skol lager on the back wall. To one side, a comatose drop-out bewails the state of the world and his own lethargy. His girlfriend moves in on a scene of black macho sex and Jordan (star of Jarman's *Jubilee*) before returning to a gentle relationship in front of a dust-bin in Wales.

Late-night conversation includes an undergraduate set piece about the social structure of an ant-hill. This is the one sign of domestic order among the chaos. Politics and commitment are out. The author delivers the speech and, at the end, leads the cast in a jaunty song, accompanied on banjo and guitar, in which he declares he wants to be an American.

As the play has no structure, a charming classical ballet interlude featuring Jordan (how does she make her eyes so red?) and Keith Hodiak is not too gratuitous. If all these people actually do is sniff cocaine and giggle, at least they are harmless and cheerful. The writing is smart and funny and does introduce a fresh world, like it or not, to the stage. Mr. Gems remains a playwright to encourage.

MICHAEL COVENEY

Nice

Grande Parade du Jazz

by KEVIN HENRIQUES

The Cote d'Azur setting for Nice's annual Grande Parade du Jazz is so idyllic that even if the music falls below expectations always there are ample compensating distractions: glorious, comfortable weather, value-for-money restaurants in the old town, bus or car rides along the coast or into the Alpes-Maritimes, the topless lady sun-worshippers on the crowded, stony beach or, less hedonistically, a few hours to be spent in the cool tranquility of the Marc Chagall musée.

This year many of the estimated 120,000 who attended the 11-day jamboree might have been forgiven for considering these alternatives for although the event was not a flop—that would be inconceivable—it was plagued by several irritations and too many untypical disappointments. Biggest irritant was the standard of sound on one of the three stages in the Cimiez park which at times was disgraceful for an event of this reputation. After a week of feed-back, dead microphones, too much bass, too little piano and other technical mishaps a completely new system was belatedly installed. On the other stages sound was better though sometimes variable and it was noticeable that George Wein, the American promoter and guiding light of this and most other European jazz festivals every summer, kept a close eye on, and ear to, what was happening and more than once personally intervened to improve matters.

This year, again unusually, there was too much distracting over-lapping from the stages: *Carrie* Smith belting "When you're smiling" rather killed the poignancy of the gospel choir from New Orleans singing "I will play Hallelujah for my love."

With seven hours' jazz emanating from three stages every night the quality ranged inevitably from the good to the bad, taking in the mediocre and the disappointing on the way. For a first-time listener to it there was little doubt the Duke Ellington orchestra, led by his son Mercer, was a major disappointment. Though Mercer has the huge paternal repertoire to draw from, the sets at Nice were unimaginative and unenterprising. Unlike his father's, Mercer's band has no identifiable style and the only consistently interesting soloist was altoist Harold Minerve. Long-time Duke Ellington sideman Cootie Williams came on for two numbers at the end of each set and though it was pleasurable to hear this legend still blowing at the age of 70, his growling, open trumpet work was simply a tantalising taste of past glories.

Most of the let-downs came from the regular bands. The Afro-Cuban seven-piecer of conga drummer Mongo Santamaria was dismally unexciting and never ignited. Trombonist Melba Liston led a similarly sized all-female outfit which chose some unusual vehicles such as Bud Powell's "Un Poco Loco" and played them respectably, but it had only one gifted soloist, saxist (not sexist) Jean Fineberg. And Dave Brubeck must now have acquired some kind of unenviable world record for the number of times he has churned out "Take Five."

One band which achieved an unqualified triumph was Panama Francis and his Savoy *Sultans*. This *is* a joyful, no-nonsense nine-strong outfit, kicked along with crispness and zestful punch by drummer Francis and which plays humdinging jazz of the *sort* associated with pre-war bands such as those of Chick Webb.

The elation this zippy crew instils has to be experienced to be believed. In George Kelly it has a tenor soloist of considerable invention; his solidly and carefully constructed solo on "Nuages" is just one which stays in the mind. The band gives a glorious *inkling* of what pre-war Harlem jazz was all about.

Most of the other memorable moments came during the traditional Nice concept of putting together musicians of slightly different styles and have them play with a rhythm section. The validity and success of this idea is *proved* annually. This year altoist Lee Konitz combined with cornetist Ruby Braff and tenor-saxist Scott Hamilton and clearly all enjoyed the experience. On another occasion Konitz joined Algiers-born Martial Solal, arguably Europe's most original pianist, in a stunning "What's New." Another day saw Solal and former Modern Jazz Quartet leader John Lewis in a set of duets in which both displayed uncanny rapport and understanding along with mutual respect, amazingly never seeming at odds stylistically.

Special to this year's Parade was a tribute to former Nice regular, clarinettist Barney Bigard, who died recently, put together and presented with sincerity and respect by Bob Wilber.

Of the featured singers there was no doubt that Carmen McRae's sheer musicianship and skill in meaningfully delivering lyrics knocked down the hard French resistance to this type of hip, sophisticated singing. The tiny, tiny voice emerging from the large frame of Rose Murphy (yes, the same Chi Chi girl of some decades past) tickled the French enormously and her sets, just with a bassist and her own Fats Wallerish piano accompaniment, were rapturously received. For once Nice regular Carrie Smith, usually the undisputed darling of the Grande Parade, did not have things her own way.

This year the Parade personality stakes was a close-run contest between guitarist Larry Coryell, once of the pop/fusion world, now ever more active in jazz, and trumpeter/flugelhornist Freddie Hubbard. The latter threw out phrases on trumpet on up-tempo tunes with dazzling skill, then picked up his flugel and made ballads such as Michel Legrand's "The Summer Knows" almost tear-inducing in emotion. His lively personality and generous attitude towards fellow musicians fitted perfectly the spontaneity of this festival.

The same applied to Coryell, one could write the *incroyable* Coryell. An exasperating musician, guilty one moment of excruciating tastelessness, the next hitting Everest heights of creativity. His duo version with Hubbard of "Here's that rainy day" was a minor masterpiece full of cut and thrust: interplay and challenge.

Next year the Parade is likely to be longer in duration with, perhaps, a couple of rest days. In seven years it *has become the* major summer jazz event in Europe, creating a totally relaxed, unmatched ambience of its own.

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A hard choice for the U.S.

LONG BEFORE the "Billygate" affair hit the headlines, many Americans were deeply perturhed about the nature of the choice they are likely to face in November. There can be little douht that a large number of voters do not want to see either Mr. Jimmy Carter or Mr. Ronald Reagan in the White House for the next four-year Presidential term. That is one reason why Mr. John Anderson is doing so consistently well in the public opinion polls—despite the odds traditionally stacked against a third candidate and despite doubts about Mr. Andersoo's own qualificatioos for the joh. It is also a major factor behind the "Dump Carter" campaign that is now getting under way in Washington.

Peccadilloes

If Mr. Carter had been a more effective and more popular President, the peccadilloes of his brother would be less likely to be held against him. They might indeed attract sympathy rather than concern—most people have, family problems. It could also be argued that by using Billy as an intermediary to approach Libya over the diplomatic hostages in Iran, the President was doing no more than his duty to leave no stone unturned in the search for a solution. As it is, however, Mr. Carter's handling of the issue, while almost certainly honest and sincere, is beginning to look like another example of the bad judgement and failed management that the Repnblicans are seeking to make a major campaign issue. Instead of using the period between the Republican and Democratic Conventions to come out and attack Mr. Reagan, the President has been forced onto the defensive on the Republicans' chosen ground, the question of his personal competence.

This does not mean that the "Dump Carter" movement will have its way when the Democrats convene in New York in 10 days' time. There are major technical problems in changing the Convention rules so as to prevent Mr. Carter cashing in his committed delegates and winning on the first ballot. There is a political problem in that any move to open up the Convention could work in favour of Senator Ted Kennedy, who is just as unpopular with the "Dump Carter" movement as Mr. Carter is. There is the problem of finding a suitable alternative candidate prepared to come forward, and there is the need to avoid an appearance of Democratic disarray so soon after the remarkable Republican unity that was forged in Detroit. On the other hand, disaffection is now such that it will be difficult for many Democrats to campaign for another term for Mr. Carter with genuine conviction.

Of course, many things can happen between now and November. A break in the hostage crisis, one way or the other, could exert a major influence. Mr. Carter still has the advantage of incumbency and his own not inconsiderable skills as a political campaigner. But there is no doubt that the Republicans, following last month's Cooventiou, now really believe that they have a winner in Mr. Reagan, and they have a two-to-one lead in some opinion polls to hack up that instinctive impression. Mr. Reagan's failure to entice former President Gerald Ford on to the ticket is a survivable misfortuna. Mr. Reagan now leads a united party: the Republican moderates have been offered, and have accepted, a number of olive branches; in an increasingly conservative America, Mr. Reagan has the scent of victory in his nostrils.

The Democrats are waiting for Mr. Reagan to find a banana skin to slip on. So far he has avoided trouble fairly smoothly. That may become more difficult if he is forced to go into greater detail on economic and political issues as the campaign unfolds. But if the Republicans can succeed in making Mr. Carter's competence, or lack of it, a major campaign issue, they will have a wide target to aim at. Quite apart from the President's perceived personal failings, he has little to point to in either his foreign policy or his domestic economic record in recent months. The Republicans may not necessarily have the answers, in a world which the U.S. is less and less in control of its own destiny. But they have produced some pretty powerful critiques of where the Democrats have gone wrong.

Bewilderment

In Europe, there is great bewilderment that the Americans should be landing themselves with a choice between two such mediocre figures. Many Europeans are both worried by Mr. Carter and frightened by Mr. Regan. Transatlantic relations, which have deteriorated under Mr. Carter, could be even further strained under Mr. Reagan. Seen from this side of the Atlantic, one of the first priorities for whoever comes out on top in November should be to start repairing some of the damage.

Fighting the old myths

THE LABOUR PARTY'S latest plan to abolish private schooling in the *UK threatens* to frustrate the recent productive development of the debate about education, by reviving the more motive but futile opposition of two ancient rituals. The first of these is Labour's anathematising of the ability of families to send, by dint of their private wealth, children to schools which are not open to each and any of the country's children. The ostensible cause of the anathema is another ritual: the use of exclusive schooling by families in high social positions to hand on their privileges to their offspring.

This power-retaining rite doubtless still primarily explains why some families continue to send their children to fee-charging schools. Their zeal for thus maintaining hereditary privilege may to some extent explain the "educational apartheid" which the Labour Party says "has unquestionably contributed to Britain's industrial relations malaise and its poor economic performance."

Sacrifice

But it is very unlikely that such determinedly "elitist" families are numerous enough to make their foiling worth a further sacrifice of the democratic right of individuals to spend their money as they choose. By themselves these families cannot possibly account for the fact that, in spite of the swingeing increases in private-school fees over recent years, the independent sector is preferred by the parents of one in every 16 of the country's school-age population.

The reason why so many families pay money on top of their taxes for independent schooling, so giving the private-sector a significance in education not enjoyed by its counterparts in other countries, is not the arrogance of Labour's "ruling elite whose wealth gives them power and whose power gives them wealth." The cause of the continued importance of the fee-charging schools is simply that significantly large numbers of parents are dissatisfied with the quality of education available to them in the State-maintained sector.

Within the past few months, the roots of the dissatisfaction have at last been given official recognition by reports emanating from the civil servants at the Department of Education and Science and the independent State schools inspectorate. Of these fundamental problems, two have been taken up by ministers of the present Government. One is the lack of a coherent framework of basic studies to be taught by all State schools. The other is that *the main national examinations* —those at 16-plus—guarantee children a paper certificate virtually regardless of their educational attainment, which effectively frees teachers from pressure to push pupils to benefit from their minimum of 11 years of compulsory schooling.

Standards

Given success in remedying these two problems, the country would be at least party-way to overcome a more intractable and debilitating difficulty. It is that of making the State's schoolteachers accountable for the standards of their work to the local education authorities which are their direct employers' and thereby through the elected representatives representatives in local and central government to the taxpayers who finance State education. It is the fact that private-schools are better able to insist on high standards of teaching that accounts for an important patr of their ability to attract fee-payers.

It is hard to see how these problems could be overcome by the Labour Party's advocated policy of either threatening or forcing independent schools to merge with the State system, or compelling them to close by curtailing their sources of income. And it is certain that these root causes of widespread dissatisfaction will not be eradicated if Labour insists on distracting public attention by resuscitating its ritualistic campaign against a "class enemy" whose existence no longer has any real importance

INDEPENDENT REPORT IMPRESSED BY VENTURE'S PROSPECTS

Why Inmos got its £25m . . .

BY GUY DE JONQUIERES

BRITAIN NOW has its own declared entry in the International microchip stakes. After months of vacillation, the Government has finally decided to give a second £25m in state backing to Inmos, the company set up by the National Enterprise Board less than three years ago to manufacture advanced microelectronic components.

The money will be spent chiefly on building and equipping a factory in South Wales. The plant, due to come on stream in 1982, will operate in parallel with another Inmos facility at Colorado Springs, in the U.S., where commercial production is due to start later this year. A second UK plant is also planned to be in operation by 1985.

The Government's decision has been hanging fire since late last year, partly because of disagreements about where the first factory should be sited. The three Inmos founders wanted it built in Bristol, but a majority of Ministers favoured a Development Area. The Government was also hesitant about authorising State intervention on such a large scale, particularly in support of a project that had been initiated by its Labour predecessor.

In spite of the renewal of British Government support, Inmos faces tough competition. Established microelectronics manufacturers, particularly in America, have been openly scathing about the project's commercial prospects. They have suggested that it is simply too late in the day for a new company with untried products to enter the race.

The Government's decision to ignore the sceptics is based heavily on the encouraging findings of an independent review of Inmos commissioned by the NEB. This concluded that the project's technology was genuinely innovative and that it had made "excellent" progress in developing its first products.

The review also laid to rest earlier fears that the market for the type of product which Inmos plans to make could become glutted over the next year or two. On the contrary, it forecast that supplies could well be tight. This was because other manufacturers were having difficulty producing similar components in satisfactory quantities.

This projection, if confirmed in practice, could be crucial to the project's success. The laws of supply and demand in the market for large-volume "standard" chips of the type which Inmos will manufacture operate mercilessly. Timing is at least as important as product design in sorting out the winners and losers in the micro-electronics world.

A manufacturer which starts selling a new and popular product ahead of the competition can reap vast profits while it has the field to itself. Once other suppliers join in, prices start to fall. Those which were in at the start can survive because they will have recouped their initial investment early on, while prices were firm. But the late-comer stands little chance of making a profit after the market has softened.

Inmos' first products will be Random Access Memories (RAMs). They fulfil a vital function at the heart of a computer by storing temporarily data needed while a problem is being processed. The data are held in the form of binary units (bits), each equivalent to a zero or a one, and are entered and retrieved in a fraction of a second.

Inmos plans to leapfrog earlier generations of RAM technology and plunge straight into the manufacture of two highly complex devices. The first, called a 16-K "static" RAM, can store more than 16,000 bits of data on a tiny chip and is due to enter production next autumn. The second, a 64-K "dynamic" RAM, holds four times as much information and is expected to reach the market in the middle of next year.

Both components pose major challenges because they require a greater degree of miniaturisation than ever before. To minimise the time that it takes electrons to travel through a chip the circuits on it must be packed closely together—so closely that the circuits are virtually invisible to the naked eye.

On a 64-K *RAM*, this means squeezing 30 times as many bits into the same surface area as was achieved on the first generation of RAMs a decade ago. In the words of Dr. Ian Mackintosh, a leading British electronics consultant, "these demands are pushing current technology to its absolute limit."

> **Laws of supply and demand operate mercilessly**

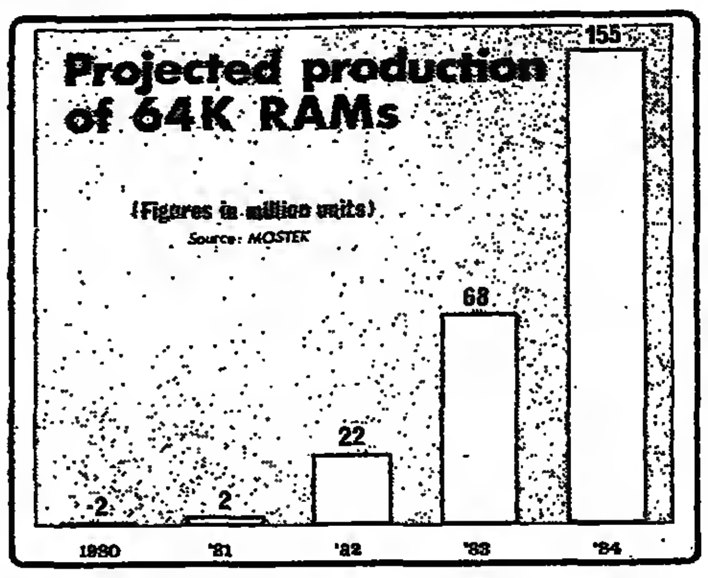
Meeting such stiff standards has delayed introduction of these highly-advanced chips by about a year, until about next spring. Only about eight manufacturers—four in the U.S. and four in Japan—are reported to be ready to offer 64-K RAM samples to customers. The list of those with 16-K static RAMs nearing production is even shorter—only two or three.

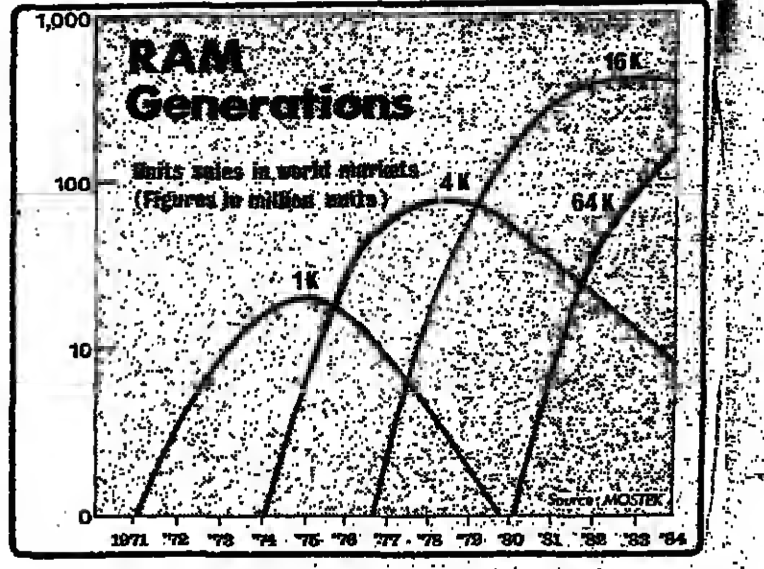
Sir Keith Joseph, the Industry Secretary, and the NEB appear convinced that Inmos can surmount these hurdles in time to become an industry leader. They are also apparently satisfied that the demand for its products will be strong once they are available.

Inmos has no captive customers and will therefore be dependent on a buoyant world market for its sales. At present, most semiconductor manufacturers remain reasonably confident about the outlook, despite the deepening U.S. recession. But experience has taught them that demand for their products can collapse almost overnight, as happened about five years ago, and few are venturing forecasts more than a few months ahead.

. . . and what it will produce

BY ALAN CANE





THE POLITICAL furore about funding for Inmos has obscured the more fundamental question of what it intends to make, and how acceptable its products will be in the market place.

It is going, of course, to manufacture electronic memories and data processing "chips," but there are already *some* 40 or so well established companies in the field. What does Inmos intend to offer that will be different—and profitable?

Its business strategy is based on two premises: that it can make chips of a better design than other manufacturers and that it can exploit the most recent advances in chip manufacturing technology.

It is a salutary fact that although microelectronic technology is such a recent innovation, the equipment used to make the present generation of chips is now in its maturity—and is heading for obsolescence.

Inmos hopes to leap-frog this whole generation of chip-making and go straight to three state-of-the-art techniques: direct step on wafer photolithography, plasema etching and full ion implantation.

These are complex names for essentially simple processes. Microchips start their life as a thin circular plate (wafer) of very pure silicon—two, three or four inches across. The patterns of the electronic circuits required are then printed on the surface of the silicon using a high resolution photographic technique, usually 300 identical patterns at a time on the silicon surface.

The chemicals which give the chip its particular electronic characteristics are then etched or diffused into the surface in a very specific nattern.

According to Mr. Fred Gnadinger, vice-president of technology at Inmos and a former researcher at Bell Laboratories where much of the fundamental work in microelectronics has been undertaken, efficiency of production using the present industry "work horse," the Perkin Elmer projection printer, is at its peak. This technology, he says, has been pushed to its limit. A Perkin Elmer projection printer costs about $150,000. A major chip manufacturer such as the highly successful Intel Corporation might have 100 of them, an investment of, say, $15m.

> **Inmos believes such complexity is not needed**

Companies like Intel cannot simply write this investment off and move to the newer direct step on wafer technology, Mr. Gnadinger argues.

In the newer technique the chip patterns are printed one by one on the wafer rather than in batches of 300 simultaneously. This gives considerably better resolution. Up to 12 patterns must be printed one on top of another to create a microchip, and the alignment of one pattern on the next must not vary by more than a millionth of a metre or so.

Wafer steppers are built by the U.S. companies GCA and Electromask and cost $500,000 each. They have a throughput of 30 wafers each bearing 300 microchip patterns an hour, compared to the 80-100 wafers an hour for the Perkin Elmer machine.

Inmos has ordered between 15 and 30 wafer steppers. GCA has some 80 machines out in the field and another 200 on order.

Plasma etching is a considerable advance over current techniques of immersing the wafers in liquid etching fluids. It means placing the wafers in an electric field in an atmosphere of gaseous etchant, so producing etching of much higher resolution. Plasma etchers cost about $100,000 each and eight are needed, two for each of the substances which have to be etched—aluminium, polysilicate, silicon oxide and silicon nitrite.

Mr. Gnadinger claims that no company in the world is yet using plasma etching in a full manufacturing process.

Ion implanation is a much more mature technology which makes it possible to implant directly chemicals such as arsenic, phosphorus and boron into the surface of the chip, where accuracy to within a few atoms may be required.

Ion implantation equipment costs $500,000-$600,000 and two machines are needed for each chemical to be implanted.

Inmos does not claim that it is unique in using these techniques—indeed chip manufacturers are very much in the hands of the tool makers for each new generation of chip making gear—but it does claim to be the first to use all three for the mass manufacture of chips.

Mr. Peter van Cuylenburg of Texas Instruments, the biggest wholesaler of microchips, agrees that all manufacturers are using the three techniques for specialised parts of the manufacturing process. At TI, however, their energies for the future are concentrated on electron beam lithography, a technique which uses a beam of high energy electrons to "write" directly on the silicon surface. With this technique, Mr. van Cuylenburg argues, it would be possible to write 1m individual memory cells on a chip by the mid-1980s.

Electron beam writing is slow compared to phatolithography but Mr. van Cuylenburg argues that future markets will see a demand for a smaller number of much more complex chips.

The electron beam machine, costing in the region of $1.5m, runs under computer control and could write 300 different chips on the surface of a single wafer.

The key plank in the Inmos strategy is that such complexity is not needed. Mr. Iann Barron, Inmos director of strategy, coined the neologism *transputer* two years ago to describe a whole computer on a chip. He argues that such a chip, which need be only a fifteenth as complex as the 1m memory cell chip TI is aiming at, produced in quantity could satisfy 90 per cent of the world's need for intelligent microelectronics.

What virtually all the arguments over the future of Inmos have ignored is that microelectronic circuits—memories or processors—are very hard to connect to the real world; your heating system for example.

They also need to be "programmed," to be told what to do in a language they can follow, which means a heavy investment in people skilled in communicating with these devices.

Mr. Barron aims to make microcircuits that are easy to attach to other components and easy-to program.

At Inmos headquarters in Bristol (where the lights are covered with louvres in the shape of silicon wafers) a team acknowledged to be among the best in the world is hocking the tops off other companies' chips to see how they work.

Mr. Barron, never one for being mealy mouthed, has been heard to say that all the devices he has examined are crude. Memories are being designed and manufactured in the U.S., processors in this country. The company has already produced its first product, a memory (called a 16K static RAM) which could find a ready market in the computer industry. It is believed to have a number of novel features. Samples will be available early next year.

The jokers in the chip manufacturing pack are IBM, the dominant computer manufacturer, AT&T (Bell Labs) and Hewlett Packard. IBM is the world's biggest manufacturer of memories and microprocessors and uses its entire consumption internally. Such companies are not constrained by their investment in existing plant.

MEN AND MATTERS

O'Reilly adds new variety

Given that he is welcome on virtually every speaker's platform in the commercial world, has one of the United States' biggest public relations outfits behind him, and a reputation which gives him instant access to the ears of the mighty, Tony O'Reilly has chosen an intriguing medium through which to promulgate the latest chapter of his gospel.

Under the patient eye of his professors at Bradford University, the Irish president of the Heinz group has laboured nine years to produce a 500-page thesis, The Marketing of Agricultural Produce, with which he adds a PhD (Marketing) to the three law doctorates already on his curriculum vitae.

His name—almost as much a cliché in the language of success as the "golden boy" title earned in his international rugby days—has long been associated strictly with business affairs. In his thesis, however, I detect a calculated venture into the world of politics. He has in the past been touted as a prospective Common Market Commissioner, and hints have been recorded from the horse's mouth about ambitions for "public service," ambassadorship, or control of some "public body."

While, as he told me from Ireland yesterday, "the politics in the paper are secondary to the arithmetic," his thesis includes a substantial and chastening critique of the politics and practices of national food marketing agencies and their big brother in Brussels, the Common Agricultural Policy.

"Most marketing boards," he accused, "are not interested in marketing, but in intervention, protection and stabilisation. And in many respects they operate against the best interests of those they claim to support." In Europe, through the agency of the CAP, the suffering was shared by consumers, taxpayers and farmers.

"People who get exploited eventually blow the whistle," he warned.

His Bradford professor, Peter Doyle, waxed fulsome: "A path-breaking work," he enthused, "essential reading for academicians and politicians involved in agriculture and economic development." A far cry from the comments one might expect of what O'Reilly modestly calls "an exercise in curiosity," undertaken because "I wanted to subject my beliefs to pretty vigorous analysis."

He may well, as he told me, be "very happy selling baked beans and pickles for the foreseeable future." But I am left pondering over the considerable personal effort and time he has invested in spreading word of what, to him, must be a relatively modest academic achievement.

"O'Reilly," grated the voice from Bradford, "is a nuisance. He's been on the phone driving us potty, hounding us to make sure we do the publicity properly."

Silly seisin

"Ho, caitiff! Where is the seisin of the Witangemot?" A reasonable question, you might think, and one which no doubt sprang occasionally to the lips of visitors to 10th-century Britain. But now that the Anglo-Saxon parliament is a thousand years or so behind us, "seisin" is more commonly called "freehold property," and many terms at least as picturesque as "caitiff" are available for describing base and despicable persons, these words hang poised above the dustbin of oblivion.

For today sees publication of the fearfully up-to-date fifth edition of that classroom favourite, the Little Oxford Dictionary. In come the breeder reactors, the male chauvinists, and the martial arts, together with other words which, says the OUP, reflect "the horrors of modern life"—though ACAS and the think-tank are unlikely to welcome their grouping under such a head.

Out go the caitiffs, the scumblers (practitioners of an oil-painting technique), bishops and classical authors. "Derogatory racial slang" makes way for hang gliders, holograms and hassles—though the ayatollahs appeared too late on the world stage to secure inclusion.

So next time I am approached by a foreigner crying "Debug my hang glider, grotty Ms," or "Silicone chips are a hassle for anorexic vegans," will know where to turn for elucidation.

"Apparently we've been stung for about £700m!"

Bank bonus

The Bank of England's authoritative calls for cuts in real wages are hardly likely to be helped along by yesterday's disclosure that its Governor, Gordon Richardson, was awarded a 56 per cent pay increase last year to £51,980

The rise seems to have been a "catch-up" increase that, as Richardson has been reminding us in recent speeches, nearly always rounds off a period of wage restraint. His emoluments in previous years had been held fairly static—well below the salaries of clearing bank chairmen, for instance.

But he now appears to have reached rough parity with the governor of the West German Bundesbank, and earns about twice as much as his counterparts at the Bank of Italy, the Bank of Canada and the Washington Federal Reserve.

Family affair

While the City's Kremlinologists assess the strategic significance of yesterday's reshuffle at Tate and Lyle, it is already plain that the upheaval is one more step in the emancipation of group executive roles from the families whose name the company bears. A solitary Tate, David, now remains on the executive side, looking after agribusiness.

In a sense Saxon's move continues the reassignment of family names which began in 1978 with the arrival of new chairman, Lord Jellicoe. Sir Ian Lyle retired from the presidency, John Lyle moved upstairs to fill that post, and vice-chairman Francis Tate left the company. Saxon Tate increased his executive powers with promotion to group managing director.

The new group managing director, Neil Shaw, has been brought in from the outposts of the empire. He was previously chairman of Canada's Redpath Industries, half-owned by Tate and Lyle, and where Saxon Tate himself was president and chief executive until 1972.

It is said of Shaw that he is expected to bring a "crisper" management style to the group, while Saxon relinquishes his line management role to become something of a roving ambassador.

Dim view

Overhead in a pub frequented by Whitehall workers: "I don't mind his being brainless . . . what makes me mad is that he does the same job as me."

Observer

ECONOMIC VIEWPOINT

Why I'm still a monetarist

THE WORD "monetarist" is normally to be avoided. In British political debate it has become a term of abuse which has lost all meaning. Even in economic discussion it is a bad label for the doctrines in question. Where possible I have tried recently to substitute "market economics" or the "monetary approach to inflation."

But there is a case for breaking the self-imposed rule (a) because we are at the end of a Parliamentary session in which "monetarism" has been the favourite scapegoat for every clapped-out politician in all parties; (b) because the Royal Economic Society has just held a conference last Thursday on the subject; and (c) bad though the label is, it has been difficult to find an exact substitute. But the reader is warned that this is an article about ideas not about what will happen next.

There were two main aspects to monetarist contentions as they emerged in the late 1960s. The first was that the money supply was a dominant influence on what American economists call the "nominal national income." This is the familiar Gross National Product, expressed in money terms and not at "constant prices." Put in British language, it was saying that Treasury planners were getting the level of demand wrong because they were concentrating too much on fiscal policy and letting the money supply run away.

The second contention was much more important. This was that: "demand management," whether by monetary or fiscal policy or both, in the long run affects only the price level, not the level of employment. Or in the more homely terms of Mr. James Callaghan's never-to-be-forgotten address to the 1976 Labour Party Conference: You cannot spend your way into target levels of employment.

On this view expansionary monetary (or fiscal) policies will lead to, at best, a temporary rise in employment and output above their trend levels. Contractionary policies will lead to only a temporary decline. There is a sustainable (so-called "natural") rate of unemployment and growth of output which is defined as that consistent with any stable rate of inflation.

The Bank of England is profoundly non-monetarist

This rate may be both unsatisfactory and capable of improvement. But it can be changed only by structural reforms of markets which are working badly. Any attempt to spend ourselves into levels of employment above this sustainable or normal rate will lead not merely to inflation but to accelerating inflation and a very nasty stabilisation crisis, with more unemployment at the end.

Union monopoly power, social resentments, interferences in the labour market, bad housing policies and other forces may well lead to people being priced out of work; and the sustainable level of unemployment may be far too high.

But unless and until the economy or society is reformed the choice is between suffering these evils at a high or a low rate of inflation. In that case we might as well suffer them at a low inflation rate. It is for this reason that, while being critical of many other aspects of government policy, I support its financial strategy—more so than most members of the Cabinet—and am not surprised, nor influenced by the wholly predictable outcry against it.

Indeed a high rate of inflation tends to be more harmful to employment than a low rate—it is only the transition that may be good for jobs. (This contention, I learned on Thursday, is known as the "superneutrality of money.") Here is a further reason to support a phased reduction in monetary growth.

The first contention about the importance of the money supply as such, despite its obvious interest for financial markets, is fundamentally the less important of the two. Many Keynesian economists now admit that fiscal policy will not work if the money supply is moving the wrong way. On the other hand most monetarists—in Britain if not in the U.S.—are quick to stress that it is extremely difficult to control monetary growth without an appropriate fiscal policy. The monetary versus fiscal argument is for most practical purposes over.

* * *

The "monetarist" contention as it stood in the late 1960s and very early 1970s was that, to reduce inflation, there had to be some slack in the labour market, with unemployment above its sustainable rate.

Indeed many American Keynesians have long accepted this framework of argument—news though it is to many British commentators in 1980—and argued mainly about how much slack was required to get inflation down to specified levels and for how long, and whether or not "incomes policies" could increase the speed and reduce the pain of the transition.

A great deal has happened in the past decade to give a new slant to monetarist doctrines. These have mostly been events which cast doubt on whether there is even a short-term trade-off between unemployment and inflation, as early monetarists conceded.

In Europe, although not in the U.S., consumers responded to higher inflation by increasing their savings ratios. This was necessary to offset the erosion of financial assets, such as savings deposits and government securities of given money value. The result was a large contractionary offset to any demand stimulus designed to boost output and unemployment.

The next observation was that in medium-sized European economies (but now increasingly so in the U.S. as well) the foreign exchange market short-circuited the domestic labour market. The immediate effect of excessive domestic monetary expansion under a floating rate is a depreciation of the currency. This causes domestic prices to rise much more quickly than would happen through the domestic route of a tighter labour market leading to higher wages.

On this model, which Professor Terry Burns and Dr. Alan Budd at the London Business School were instrumental in developing, the key variable is the world rate of inflation. Excessive monetary and fiscal expansion in the OECD countries, taken together, leads first to an acceleration in the prices of commodities and assets such as houses, and it does so earlier and more sharply than it affects wages. Each individual country will share in or contract out of world inflation according to the behaviour of its exchange rate.

The most general influence on the speed of transmission is expectations. Once people expect a higher Budget deficit or rapid monetary expansion to lead to more inflation the effect can come through very quickly indeed: the exchange rate and gilt-edged prices are marked down, earnings are stepped up because of pessimism on prices, and so on. Thus most of the stimulus is wasted in higher inflation and there is little gain in output.

Crucial to expectations is the policy regime which is believed to be in operation. On the downside for instance, if wage and price setters believe the monetary guidelines are here to stay, they will adjust much more quickly—both because they become more optimistic about inflation and because they are more fearful of pricing themselves out of the market.

The chart suggests that there is still a shifting short-term trade-off between unemployment and inflation. There is probably asymmetry here which the pure economist would dislike. Expansionary monetary policies feed very quickly into higher inflation. Restrictive policies on the other hand still work in the old-fashioned way, first by causing a recession and then reducing inflation, with output recovering some time later.

The choice is between suffering these evils at a high or low rate of inflation

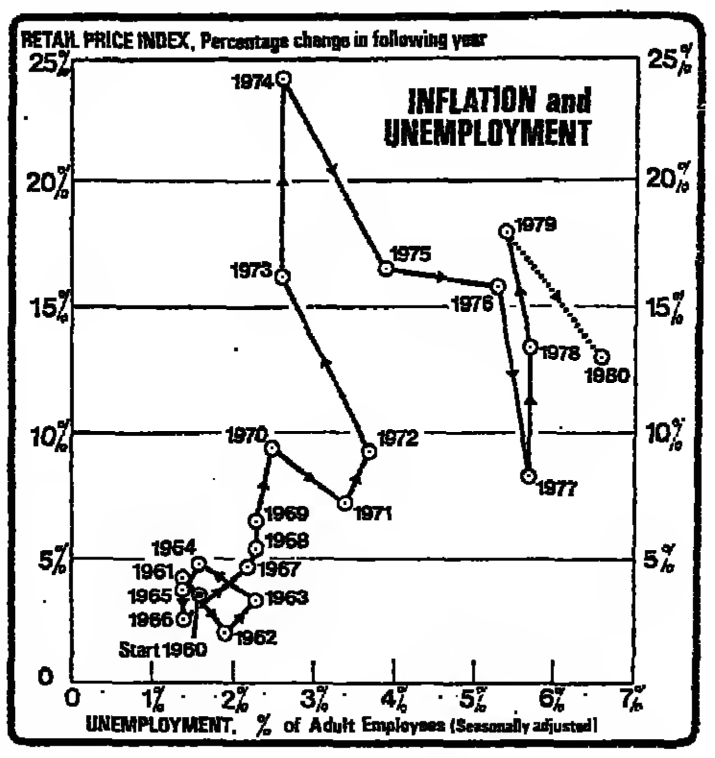
But the thing that stands out a mile from the chart is that whatever the short-term trade-offs, there has been a long-term increase in the sustainable rate of employment, stressed in earlier articles. This has increased from one cycle to another since the late 1960s throughout the West. The main lesson of the "monetarist" approach is paradoxically to look for causes of this shift right outside the realm of money, Budgets or exchange rates altogether.

* * *

Meanwhile, on actual tactics for reducing inflation, it is clear that the original text-book idea of gradualism has to be modified considerably. As the optimists interpreted it the original doctrine meant setting a money supply target just below the current inflation rate (plus normal growth) and adjusting it gradually downwards.

In fact gradualism in setting targets does not always mean gradualism of impact. If the monetary target is initially appropriate to a 10 per cent inflation rate and a "shock" event such as an oil price increase or a shift to VAT "temporarily" lifts the inflation rate to 20 per cent, the real squeeze will be much more severe than originally intended. On the other hand, if the monetary target were adjusted upwards, with each such shock, inflation would move upwards in a ratchet process.

Quite apart from these shocks, real demand moves much more jerkily than the most smoothly calculated monetary and fiscal plan. First there are almost no effects; and then suddenly stocks are run down and there are lay-offs all round. On top of this, the unexpected impact on the exchange rate has made the UK squeeze tighter than the money supply figures suggest. Thus in practice British policy has been nearer to the Hayek "short, sharp shock" than any one planned. Indeed it is probably a good idea to get the agony over quickly as the German and Americans did in 1974-75, at the cost of a sharper but less prolonged recession.



We are left, however, with an important problem of implementation. Let us suppose as Professor David Laidler has put it that we agreed on a definition of money and a set of declining annual targets. Then as a result of some financial innovation, designed perhaps to avoid the guidelines, we find that the original definitions no longer mean what we originally intended them to mean. We can change the definition or the target growth rate. Laidler concludes "someone somewhere is going to have to be granted discretion" to break with a mechanical rule; and he would give this to central banks. This may be all right for the Bank of Canada but not for the Bank of England, which—adjusting for varying individual views—is profoundly non-monetarist.

My own instinct would be to go back to the object of the exercise which is not to control the money supply except as an intermediate step, but the total flow of money spending or money times velocity, MV. This is measured by the nominal national product and there is much to be said for the suggestion of middle-of-the-roaders such as Professors Tobin and Meade—for making this the target.

One main snag is operational. The nominal national product is several degrees further removed from the control of the authorities than the money supply itself. Moreover the figures appear every quarter with a delay of nearly another quarter and are then subject to much revision.

So we are left with the Financial Statement formula which gives a declining range of monetary targets up to 1983-84, with a footnote about the possible need to adjust definitions. But in making the adjustment it will still help to remember that the object of the exercise is to stabilise the flow of MV or total spending.

Having done that we must improve the workings of the labour, capital, housing and other malfunctioning markets, so that a moderate stable flow of money demand leads to more jobs at slightly less pay rather than fewer jobs paying somewhat more. If you think this is an uncontroversial conclusion, you might compare it with the arguments in Tuesday's Censure Debate.

Samuel Brittan

Letters to the Editor

The City's influence

From Mr. P. Frazer

Sir,—Colin Amery (July 28) highlights the failure of the City to come up with imaginative designs for sites within its boundaries, but the City could also do a lot more than it does to enhance the standard of architecture throughout the country.

One of the recurring questions recently has been the extent to which investing institutions should involve themselves in the management of British industry—they could make a start by doing more to promote good British architecture.

Since the involvement of a financial institution is often crucial to a development and ...ice developments are usually ...dividually financed; the insti...tional investor has a far ...eater degree of influence than ...is ever likely to achieve over ...e affairs of an industrial com...ny.

It is not really surprising that ...e average modern shop or ...ice development should be so ...pressingly boring. When ...velopers intend to let or sell ...eir buildings they will natur...y tend to choose a safe style ...ich will be generally accept...le and not frighten off poten...l clients. In contrast, some of ...e most individual and positive ...ildings in the City have been ...mmissioned by the owners for ...eir own occupation and seem ...reflect the pride of owner...ip that was common in the ...th century but all too often ...sent nowadays.

It is this pride of ownership ...at I would like to see rein...duced. Since the new owners ...commercial property—the ...nsion funds, insurance com...nies and property companies have largely replaced the ...ner occupiers, they should be ...couraged to take on the re...onsibilities of ownership, as ...ll as the powers. The aesthe...return from interesting and ...aginative buildings can be ...joyed by everyone: pen...ners, policy holders and ...areholders alike. The cost ...ed not be prohibitive—good ...chitects generally cost no ...ore than bad ones and the cost ...architectural competitions is ...nishingly small compared ...th the total cost of major ...velopments.

With the right climate of ...inion and a slight change of ...itudes there is no reason why ...stitutional investors should ...t enthusiastically take up this ...sponsibility for the buildings ...ey finance and vie with each ...her for the major architec...ral awards.

...trick Frazer.
...Old Deer Park Gardens,
...chmond,
...rrey.

...aving the Hoop ...nd Grapes

...om the Managing Director, ...aslemere Estates

Sir,—As a company which is ...oud of its record in pre...rving London's architectural ...ritage, we were very sad to ...e that Colin Amery did not ...estion the information on ...hich he based his article on ...ly 28.

There is no comparison ...tween Billingsgate Market and the Hoop and Grapes in Aldgate High Street. It is true that the Hoop and Grapes was closed by its owners, Charringtons, five years ago, but Mr. Amery does not go on to say that dangerous structures notices were served on the building in 1975 and 1977. Charringtons invited Haslemere to try to find a way of saving the building and professional quantity surveyors and structural engineers have confirmed that the costs would be prohibitive unless we could obtain further office space. This resulted in lengthy negotiations to acquire No. 46—a similar 17th-century building which had been derelict and empty for many years and eventually the submission of a planning application at the end of last year.

Members of the City planning committee and the Greater London Council historical buildings committee took the trouble to look over the buildings and see at first hand their dilapidated condition before recommending consent for the proposals. In the meantime, our company has erected protective scaffolding and a temporary roof to prevent further erosion, and we are now waiting for the Minister's decision before starting restoration.

There is no question of "ruthlessly gutting" the building as Mr. Amery implies; much of the interior panelling of the public house dates from the 19th century and is a pastiche of the original. We have stressed to the conservation societies that we will be retaining and restoring all the original features in both buildings apart from the derelict rear rooms in No. 46; but we will obviously have to replace and repair infested timber and defective plaster.

It was not clear from the article that our proposals include a public house on the *ground floor* which will in fact be larger than the previous Hoop and Grapes.

The major problem in restoring historic buildings lies in adapting them to suit 20th Century uses as well as the plethora of byelaws and fire regulations and assuring them of a life well into the next century. In the two years that it has taken to prepare our proposals, we have looked at every alternative and produced evidence at the public meeting of the GLC historic buildings board to prove that a "small office conversion" of No. 46 would not finance a more modest scheme. No evidence was ever given by the particular group which made this proposal to substantiate its claim, and over the last 5 years in which these buildings have been lying derelict no planning application has ever been submitted by any other body for their restoration.

The artist's sketch in the article gives a totally false impression of the buildings as they are today and does not show that they adjoin Gardeners Corner which is one of the major traffic routes around the City. Nor does it show the surrounding high-rise office buildings or the subway which lies ten feet below the illustrated gateway.

We believe that more historic buildings are likely to be saved from destruction by adapting them to economically viable uses than by misinformed rhetoric and in view of the condition of both buildings, we are most concerned that they might not survive a prolonged public inquiry.

D. M. Pickford
Haslemere Estates,
4 Carlos Place
Mayfair, W1

Pints and litres

From Mr. T. Whittle.

Sir,—Even if Stephen J. Stewart (July 26) were right about public attitudes to metrication, human nature has instinctively resisted change from time immemorial. We have left poles, roods, pecks, cwts and £sd behind us, why not accept the logic of metrication as the rest of the world is adopting the English language for international communications? Must we be odd man out and demand that Olympiad races be run in yards.

When Dr. Pearce accepts the invitation to drink a pint of beer he surely will not object to half a litre (0.88 of a pint), if the price is adjusted. The housewife willingly buys her wine, lemonade and Coke more cheaply in litre bottles. Indeed, if Mr. Stewart asks for a pint anywhere outwith the British Isles he will be served with a quarter or half litre—even the American 16 oz pint is being phased out.

More serious, Britain's very survival depends on exports. Why should the brewers have the added burden of pints at home and half litres abroad, or the carpet makers square yards and square metres? Garages buy their petrol (as do householders their fuel oil) in litres, why sell it in gallons? Why not indeed take a little effort to propel ourselves into the technological age? The metrication programme should be speedily completed, without bringing back the Metrication Board.

Thomas E. Whittle,
19 Kildoon Drive,
Maybole, Ayrshire.

Paying the scorer

From Mr. R. Heseltine

Sir,—I was staggered to learn from ICI's 1979 accounts that its auditors were paid £2.2m, almost twice the £1.2m paid to its board of directors which includes 13 full-time executives. I was further taken aback to find that this is far from exceptional: BTR's auditors, for example, were paid £798,000, rather more than the £689,000 the board received.

It is surely absurd to pay the assistant scorer more than the team and it certainly explains why a disproportionate amount of commercial talent chooses to sit around in the pavilion, sheltered from the elements, just watching.

R. M. H. Heseltine.
29, Gibson Square, N1.

Election deposits

From Mr. J. Johnston.

Sir, — That the £150 deposit required of candidates standing at a Parliamentary Election needs a sharp upward adjustment is beyond question (Malcolm Rutherford's article of July 25). That such an adjustment could prove financially burdensome to the Liberals, and for that matter to other "fringe," but equally serious, parties is also clear.

The solution is simple. Raise the deposit to £2,000 (£1,120 to bring the 1918 figure up to current values and a margin to allow for inflation until the next revision), reduce the threshold from 12½ per cent to 10 per cent, but make a fraction of the deposit refundable to candidates failing to reach the 10 per cent level, the fraction being equivalent to the percentage polled dividend by 10 per cent. Thus, the Silly Party candidate polling 0.5 per cent would forfeit £1,900, while a luckless Liberal on 9.5 per cent would forfeit only £100.

Besides rolling back the ever-rising tide of Pythonesque candidates, this system would give some protection to genuine, if minority, Parties and, incidentally, eliminate time-consuming and costly (to the tax-payer) "deposit recounts" on Election night.

Julian Johnston.
40, Patshull Road, NW5.

Wage rates and employment

From Mr. P. Franklin.

Sir, — The empirical view which relates past wage rates to current employment is faulty because it ignores the current state of worldwide demand and employment. The UK economy is in recession, but how far is this due to past wage demands, and how much to other factors? If one comes to the conclusion that wage demands/wage rates are only one causal factor, then other factors should surely be investigated and the blame for unemployment more fairly attributed.

In this light a naive suggestion that wage rates should be held down or even reduced so that profits can be restored to industry and short-term employment maintained, must be seen as being politically motivated with little economic justification. Indeed, switching arguments slightly, before one should support a policy of tight wage rates, it would be necessary to calculate the effects of the policy on aggregate demand and hence on the level of employment. It might be that tight wages would further depress the economy so that an action thought desirable at the micro-economic level would lead to a worsening macro-economic situation.

Some political economists would view declining employment with satisfaction on three grounds. They would argue that a "shake-out" of employment might change wage relativities so much that labour would become more willing to switch jobs and locations. They would argue that the worldwide depression gives governments and countries an opportunity to restructure their industry so as to take advantage of any emerging comparative advantage. The shake-out of industry may leave some firms and industries in a stronger position in the long run; able to take advantage of reduced domestic competition and any available economies of scale.

There are two other possible results of declining employment which some political economists would prefer not to consider. The first is that no positive result would happen — that none of the three results considered would occur. Alternatively, and second, some or all of the results considered may occur, but the period of transition between now and the future Nirvana may be so long and disruptive that the nature of society and the attitudes that we hold dear may be so thoroughly changed that on reflection we would view the cure for our present "ills" as being worse than the ills themselves.

Please, no more naive, dangerous talk about wage rates and employment.

Peter J. Franklin.
City University Business School,
Gresham College,
Basinghall Street, EC2.

Investing in rail

From Sir James Farquharson

Sir,—In his letter on investment in rail (July 24), Mr. Richard Hope correctly makes two important points: overmanning is raising costs unnecessarily and destroying BR's freight business; and more rational manning arrangements could double rail freight revenue within a decade.

British Rail has recently issued, to interested parties, a most interesting and informative booklet, European Railways Performance Comparisons, summarising the findings of a joint study by BR officers and the Institute for Transport Studies at the University of Leeds. The study covers the relative performance, in various activities, of BR and nine Continental systems. One conclusion is that BR requires "more than twice as many men to run a freight train as the more efficient railways"—ample confirmation of Mr. Hope's statement.

On overall productivity the conclusion is reached that BR's performance is about average. This finding is however based on the train-kilometre as a unit of output. The saleable end-product of a railway (or of any transport undertaking) consists of passenger-kilometre and tonne-kilometre. As BR train loads are only about three-quarters of the Continental average real productivity is correspondingly lower.

There is little doubt that sufficient medium- and long-distance traffic in the UK now going by road could, with effective service, be captured by rail to the extent of doubling BR's tonne-kilometre within a decade. Such a change would bring social as well as economic benefits. Another conclusion of the study is that "growth in productivity appears to be associated with traffic growth."

Surely the solution is for Government to give clear advice to BR management and unions that such additional funds as it may need (in excess of internally generated depreciation provision) over the next ten years will be provided annually for locomotives and freight wagons and for a regular (even if modest) amount of electrification on the very firm understanding that freight train over-manning is reduced each year and eliminated in five years and that overall productivity is raised, at least to Continental levels, during the same period; traffic growth should ease the adjustments.

(Sir) James Farquharson.
Kinclune, Kirriemuir, Angus.

Today's Events

GENERAL

UK: Electricity Council and Central Electricity Generating Board publish annual reports.

Sir John Mason, Meteorological Office director, addresses atmospheric electricity conference, Manchester.

The Housing Corporation publishes annual report.

Prince Charles opens Mountbatten wing of King Edward VII hospital, Midhurst.

Harrogate International Festival opens (to August 13).

OFFICIAL STATISTICS

Department of Energy publishes energy trends.

PARLIAMENTARY BUSINESS

House of Commons: Debate on developments in the EEC, January to December, 1979.

House of Lords: Finance Bill, second reading. Coal Industry Bill, second reading.

Select Committee: Home Affairs Sub-committee on Race Relations and Immigration, on racial disadvantage. Witnesses: Local Authority Associations. Room 15, 4.30 pm.

COMPANY MEETINGS

Arbuthnot Latham, 37 Queen Street, EC, 12.30. Assam-Dooars, Sir John Lyon House, 5 High Timber Street, Upper Thames Street, EC, 11. British Dredging, *Royal Hotel, St. Mary Street*, Cardiff, 11. N. Brown, Midland Hotel, Peter Street, Manchester, 2.30. Caffyns, Lecture Hall, Central Library, Eastbourne, 3. Chloride, The London Hilton, Park Lane, W, 11.30. Country and New Town Properties, 6-11 Agar Street, WC, 12. James Cropper, Burnside Mills, Kendal, Cumbria, 10.30. Kleen-E-Ze, Martins Road, Hanham, Bristol, 2.30. William Press, Inn on the Park, Hamilton Place, Park Lane, WC, 11.30. Renold, Renold House, Wythenshawe, Manchester, 2.30. Sangers, Connaught Rooms, Great Queen Street, WC, 12. Frank Horsell, Hawley Park Estate, Morley, Leeds, 11.30.

Dismal quarter for Reed

STRIKES, combined with strong sterling, high energy prices and low product sales all contributed to a substantial downturn in first quarter profits of Reed International. For the three months to June 30, the pre-tax figure is down from £26.5m to £11.8m.

Operating profit fell from £30.6m to £13.2m reflecting a slump in UK profits from £21.7m to £2.9m. Overseas profit rose, however, from £8.9m to £10.3m although sales were lower reflecting divestments during the previous year.

Stated earnings per £1 share are 6.5p, compared with 16p in the same period last year.

Industrial action by print workers and journalists is estimated to have reduced operating profit by over £12m in the quarter. "We estimate the loss of trading profit due to industrial action to have been more than twice as great as that caused by the effects of the recession on our markets," Sir Alex Jarratt, chairman, told shareholders at the annual meeting.

The effects of the recession was felt especially in paper, packaging and decorative products where the volume of trade was reduced by between 15 and 20 per cent. The main reason was the major destocking by customers as they correct their businesses to a lower level of demand, Sir Alex said.

He added that the recession did not affect all the group's businesses in the UK. Building products — especially sanitaryware and plastic plumbing systems performed very well. Newspapers were enjoying good circulations and advertising revenue.

However, magazine companies had been disrupted by industrial action for so long it was difficult to judge how their advertising markets were reacting to the recession, he said.

Referring to the problems facing home markets in commodity paper grades, newsprint and case liner materials, the chairman said the group could not hope to beat the likely long-term combination of a strong pound and lower energy costs enjoyed by the major competitors.

"The effects of these on our own operations have been the subject of deep and active study. Any future actions will not be taken lightly . . . moreover they will only be taken after full consultation with the trade unions and the people concerned," Sir Alex said.

In wallcoverings, one mill had been sold and others would close thus reducing manufacturing capacity by some 35 per cent. Further reorganisation was planned.

Sir Alex said that possibly for the next 18 months, there were going to be difficult prospects for most manufacturing companies in the UK, but the group had substantial cash resources and unused facilities behind it.

The board was determined to maintain and if possible increase the level of investment in the group's profitable businesses and wished to seek new opportunities for growth, whether organically or by acquisition.

	Three mths. 1980 £m	1979 £m
Sales	352.5	371.7
UK and exports	263.1	266.a
Overseas	89.4	105.1
Trading profit	11.9	30.1
Associates' profits	1.3	0.5
Operating profit	13.2	30.6
UK	2.9	21.7
Overseas	10.3	8.9
Interest	1.4	4.1
Profit before tax	11.8	26.5
UK tax	0.5	6.5
Overseas tax	3.5	1.8
Net profit	7.8	18.2
Minorities	0.4	0.3
Attributable	7.4	17.9

Lex, Back Page

HIGHLIGHTS

Lex briefly considers the speculation in the City over a possible MLR cut to 1 5per cent today. The recession in the airline industry is casting a dark shadow over the Government's hopes to sell part fo British Airways to the public and Lex considers the options open to the Government in the light of yesterday's BA annual report showing sharply lower profits. Disappointing figures were also revealed by Reed International for its first quarter, though much of the decline in blamed on industrial unrest. The long-awaited buyer of Thorn EMI's hotel division turns out to be Scottish and Newcastle, and Lex looks at the deal before commenting on the management changes at Tate and Lyle.

Lesney reducing stocks

SALES OF Lesney Products were at present marginally down on last year, but stocks, which peaked early in the year, were now declining as a result of action taken to reduce the production rate. Mr. L. C. Smith, chairman, told the annual meeting.

However it was unlikely that profitability would be achieved in the current difficult trading and economic environment, until stocks were reduced to their proper levels, the chairman warned.

In his annual statement, Mr. Smith had said that the group's priority was to reduce excessive stocks and consequently excessive borrowings, to more acceptable figures by the end of next January.

Although the group was now more than halfway through its year, the most important period for toy sales was still weeks ahead, shareholders were told.

F. Pratt up £157,000 so far but recession taking toll

ALTHOUGH PRE-TAX profits of F. Pratt Engineering Corporation were ahead from £388,000 to £545,000 in the half year to April 30, 1980, the directors say the recession is now taking its toll and the second six months is proving to be very difficult.

As a result, they do not expect the same level of profitability as in the first six months. Taxable profits for the year ended October 31, 1979, were £836,000 (£967,000).

Turnover for the half year expanded from £8.98m to £11.17m and profits were struck after depreciation of £262,000 (£240,000) and interest up from £347,000 to £470,000.

Tax took £283,000 (£202,000) giving earnings per 25p share 1.3p higher at 4.8p The interim dividend is kept at 2.2p net—the final last time was 3.8p.

Results of the constructional steel division have been excluded because full provisions for closure costs and losses were shown separately in the 1978-79 annual report.

● comment

It is not so difficult to understand why the retail activities of Hamblin and Wingate, albeit built on a precision engineering base, should look so attractive to F. Pratt. The group, not unnaturally, alludes to the external factors which have eroded the benefits of its specialist engineering efforts and it is certainly true that profits have been flat since 1973. It must be galling to equate net worth of 202.6p per share with a price of 50p, unchanged yesterday. It is equally difficult to equate the apparent strength of order books in all three major divisions with the group's warning of very difficult second-half conditions. The missing factor is, of course, a severe protraction of customers' schedules thus, with a heavy reliance on the machine tool industry, the workholding division is clearly affected and a measure of redundancy costs will be felt in the second half. For all that, and despite income gearing of 46 per cent, the first half has gone reasonably well and it is worth noting that aerospace is more important to the forging division than passenger car customers. The H and W acquisition is probably not sufficiently large (and its track record is certainly not good enough) to make much immediate impression on the shares but an historic yield of 17.9 per cent and a p/e of 5.4, taking fully taxed earnings over the last 12 months, are clearly taking a very pessimistic line through the short view, and presumably medium-term prospects.

Felixstowe Tank improves

Taxable profits of Felixstowe Tank Developments, bulk liquid storer and transporter, rose in the six months to June 30 to £234,479, 59 per cent up on the £147,688 reported for the same period last year. Turnover increased from £478,196 to £636,924.

Earnings per 25p share are given as 14.5p (7.93p) and the interim dividend is held at 2.5p. There was a tax charge of £94,000 (£68,360).

Results of the company, whose ultimate holding company is the National Freight Corporation, exclude the effects of the disposal of a significant part of its freehold property interests which were subject to property lettings. These disposals are expected to show a profit of about £600,000 net of estimated capital gains tax.

Campari Intl. chief dies

Mr. Gabi Benscher, chairman of Campari International, has died at the age of 45. Shares of the leisure group fell 8p to 54p on the news, and closed at 55p.

His family trusts hold a considerable number of the group's shares and they intend to retain their holdings.

Mr. Benscher started the business in 1959 with £300, and £100 lent by Mr. Henry Lipton, his uncle. Mr. Lipton, now managing director, has assumed the position of chairman.

Campari became a public company in 1969, and in its offer for sale document at that time forecast pre-tax profits of at least £145,000 for the year to May 31, 1969. Ten years later, the taxable surplus totalled £1.5m.

Beecham chairman looks to profit growth long term

THE GROWTH that the Beecham Group may achieve over the next 10 years must remain a matter of speculation, Sir Graham Wilkins, the chairman, said yesterday.

"Although it is clearly much harder to expand from the present profit base of £137m than it was from the 1970 figure of £28m, there is no doubt that it can be done," he told the annual general meeting.

The two great imponderables of the immediate future, he said, were the length and severity of the world economic recession, and the outlook for currency exchange rates. Beecham estimated that currency movements last year cost the group about £14m, and that if exchange rates had remained stable, the pre-tax profit would have been up by £7m instead of down by £7m.

For the year to March 31, as already known, Beecham reported profits of £136.8m on sales of £1,028m, compared with £144m on turnover of £923m the previous year.

Sir Graham said the outlook for the current year was a matter for conjecture: sterling had continued to strengthen and if this were maintained the year-end results would clearly be affected.


Sir Graham Wilkins
Beecham chairman

However, if interest rates decline further over the next eight months and sterling declined in sympathy "perhaps we shall not be hurt too much."

The trend of interest rates would also have a bearing on the effect of the recession on Beecham businesses. So far it had not been very serious. Some traders had run down stocks, but consumer demand for group products was still generally strong.

Beecham would come through the recession without any permanent damage because it entered it in good commercial and financial shape.

Even with an improvement in general economic conditions the problems of the pharmaceutical business would not disappear rapidly, but there would be a revival in due course, not least because of the high level of research and development expenditure. The group was introducing new products continuously.

Sir Graham was in no doubt, however, that consumer products would remain a major contributor to the group's total performance. With pharmaceuticals going through a difficult period, the value of the consumer products business needed no emphasis.

In fact, the group was "already enjoying the benefits of having continued to invest in consumer products when many commentators were suggesting that we ought to be concentrating on pharmaceuticals," he said.

Phillips Patents returns to dividend after 5 years

Phillips Patents (Holdings) has returned to the dividend list for the first time since 1975 with a payment of 1p net following a strong recovery in profits in the second half year.

But the taxable surplus for the 12 months to March 1, 1980, was still well down at £17,931, against £110,665.

At midway the company plunged £111,025 into the red, compared with a profit of £21,495. The directors attributed the loss to factories at Manchester and Bury. Other factories, they said, were trading at a break-even situation.

Turnover for the year showed a slight increase at £4.98m (£4.9m) and there was a tax credit of £29,479 (£56,650 charge).

Earnings per 25p share are given as 0.9p (1p).

Phillips' activities include footwear components, meteorological balloons, sports goods, toys and property development and investment.

J. Jarvis recovers strongly

THE YEAR to March 31, 1980, resulted in a turnround from losses of £248,005 to taxable profits of £701,457 at J. Jarvis and Sons, building and civil engineering contractor.

At the interim stage there was a profit advance from £102,000 to £145,000 and the board reiterated its forecast of a profitable year.

Turnover for the 12 months improved from £18.77m to £26.67m. Tax took £206,950 (nil) and earnings per 25p share totalled 46.0745p (25.4313p loss). The final dividend is 6.5p net, raising the total payment from 10.9p to 12p.

73 companies wound-up

COMPULSORY winding up orders against 73 companies have been made in the High Court. They are:

R. Ashton and Sons (Stoke Newington); F. D. Catering Group Services; Antonfioch; Nicholas D. (Fashion Accessories); R. Rose Business Equipment (Stockport).

Vamborne; Cedric Towning Associates; Thomas Miles and Sons; Bowles Design and Development.

Power Aid (Anglia); Phoenix Fire Safety; Onford; Domset Design; Merda Antiques.

Seasoned Snacks; Blagdon Building Company; Blagdon Plant Hire; Figcrest.

Karnel (Consultant Engineers and Surveyors); Kimberley Shipping Company; Sidney L. Hill; W. D. and P. Hardy; Thanet Screenprint Service; Panel Enterprises (Music).

Alexander Brooke (London); Spearcrown; Woodhaven; Cycle and Carriage (Birmingham); Telluloid Broadcasting; W. D. Painting Contractors (Merseyside).

Wonoff Music; Mercury Cabs (Merseyside); Sporting Promotions (East Anglia); T. H. Jennings (Birmingham); Immediate Roof Repairs; Triumph Cleaning Contractors.

Febdene; Sylvan Motors; Thornaby Heating Company; Sarathorpe; R. W. Metcalfe; Ryeworth Investments.

Lewis Stuart Textiles; Hosekarn Motors; Stermer Finance; Adastral Garages; Bury Automatic Machine Company (Sales).

R. F. Jones (Sedgley); Rowdec; R.K.; Vervcell; Macgrave; Zukar Modes; Palmsouth.

Wetco Transport; Limehurst International Shipping and Forwarding; Boyd's Car Deliveries; Notefund; Heathrow Records (Exports); Martin Frain and Co.

E. G. M. Properties; Solrac Number Eight (formerly Sportsday Holdings); British Steel Constructions (Birmingham); Hewbourne Investments; Sure Seal Anti-Corrosion; Danoak; J. A. Gill and Son.

Cleeveworth; Blandsworth Holdings; B. Shrank; Cruise Drive Tours; K. M. Hopkins (Tonna); Berry Street Carpets.

A compulsory winding-up order made on July 21 against Society Cleaners (Major) has been rescinded and the petition dismissed by consent.

Recovery at Blackman continues

Blackman and Conrad continued its recovery in the second six months of the year after reporting taxable profits up from £55,000 to £115,000 at midyear.

For the 12 months to January 31, 1980, there was a pre-tax surplus of £180,000, compared with £81,000.

The group reported a loss of £217,000 for 1977-78.

Turnover of the children's wear, ladies' outerwear, industrial and casual cotton wear manufacturer showed a slight setback to £7.51m (£8.07m).

Deferred tax amounted to £58,000 (£32,000), leaving earnings per 20p share of 2.51p (1.01p).

There was an extraordinary credit of £83,000, against a debit of £7,000. The dividend payment is again passed.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Belhaven	nil	—	0.03	nil	0.45
Drayton Commercial int	2‡	Sept. 1	1.31	—‖	6
Greycoat Estates	0.32	—	0.28	0.32	0.28
J. Jarvis	6.5	—	6	12	10.9
Thos. Jourdan int.	1.75‡	Oct. 1	1.5	—	4.2
Phillips Patents	1	—	nil	1	nil
F. Pratt Eng. int.	2.2	Sept. 15	2.2	—	6
Prestige int.	2.5	Aug. 30	2.5	—	6.88
Stavert Zigomala	*6.02*	*Oct. 6*	5	*6.02*	5
Stock Conversion	2.63	Sept. 15	2.63	4.81	3.96
Thos. Witter int.	0.7	Oct. 1	0.7	—	4.03
Yeoman Inv. Trust int.	5	—	4	—§	11.8¶

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity. § Forecast total of at least 12.5p. ¶ Includes special 1.05p. ‖ At least maintained final expected.

SPAIN

July 30	Price %	+ or −
Banco Bilbao	228	
Banco Central	248	
Banco Exterior	210	
Banco Hispano	224	
Banco Ind Cat.	120	
Banco Madrid	141	
Banco Santander	276	
Banco Urquijo	136	
Banco Vizcaya	236	
Banco Zaragoza	211	
Dragados	86	+1
Espanola Zinc	81	+1
Fecsa	60 7	
Gal. Preciados	25	−0.2
Hidrola	66.2	−0.3
Iberduero	61.5	+0.3
Petroleos	120.5	+0.5
Petroliber	87	+0.5
Sogefisa	107	
Telefonica	63 2	+1
Union Elect.	66	−0.2

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1979-80 High	Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
99	53	Airsprung	53	—	6.7	12.8	3.1†
50	22	Armitage and Rhodes	23	+ 1	3.8	18.5	1.5†
155	92½	Bardon Hill	155	+ 2	9.7	6.3	5.8†
100	75	County Cars 10.7% Pf.	75	—	15.3	20.4	—
101	63	Deborah Ord.	87	—	5.0	5.2	10.7
125	88	Frank Horsell	120	—	7.9	6.6	3.8†
129	73	Frederick Parker	73	—	11.0	15.1	3.3†
156	92	*George Blair*	92	—	16.5	17.9	—†
84	45	Jackson Group	84	—	6.0	7.1	3.2†
153	103	James Burrough	121	+ 2	7.9	6.5	9.5
302	242	Robert Jenkins	290	—	31.3	10.8	—†
232	175	Torday	222	—	15.1	6.8	3.8†
34	11½	Twinlock Ord.	13	—	—	—	—†
90	70	Twinlock 15% ULS	90	+ 2	15.0	16.7	—
56	23	Unilock Holdings	49	—	3.0	8.1	7.5
50	45	Unilock Holdings New	48	—	—	—	7.4
99	42	Walter Alexander	97	—	5.7	5.9	6.4
238	136	W. S. Yeates	237xd	—	12.1	5.1	3.9†

† Accounts prepared under provisions of SSAP 16.

BIDS AND DEALS

Oil groups merger terms agreed

MEETINGS have been held between the Boards of Cambridge Royalty Company, Cambridge Petroleum Royalties and Petroleum Royalties of Ireland and terms for a merger of the three companies have been agreed.

The Board of Cambridge Royalty Company is to offer one share of U.S.$1 par value of CRC common stock for every twn Cambridge Petroleum Royalties 20p abares and 0.62495 CRC common stock shares for each Petroleum Royalties of Ireland ordinary.

If tha marger is approved, interests of the respective groups of shareholders would be CRC 30 per cent, CPR 43.67 per cent and PRI 26.33 par cent.

It is proposed that the mergers will be effected by schemes of errangement under Section 206 of the Companies Act and Section 202 of the Irisb Companies Act.

The independent directors of CPR and its advisors Robert Fleming and Co., consider the terms of the CPR acheme to be fair and reasonable. PRI and those directors owning abares in CPR, whose holdings aggregate approximately 5 per cent of the issued share capital, intend to vote in favour of the CPR scheme.

The independent directors of PRI and the Investment Bank of Ireland, consider the tarms of the PRI scheme to be fair and reasonable. CPR and those directors owning ahares in PRI, whose holdings aggregate 3 per cent of the issued share capital intend to vote in favour of the PRI scheme.

In the merger negotiations, Cambridge Royalty was advised by E. F. Hutton and Co. Inc., who will act as investment bankers to the combined group in the event of the merger taking place.

Courtaulds mopping up rest of two offshoots

In deals worth a total of £1.05m cash, Courtaulds is planning to take full control of the last two UK textile companies in the group which have minority shareholders.

Courtaulds, Europe's largest textile concern, is making agreed bids for the 664,605 ordinary shares (11.1 per cent) of Kayser Bondor and the 1,27,941 shares (15.6 per cent) of Macanie (London) which it doea not already own.

Holders of Kayser, manufacturer of holaery and lingerie, are being offered 100p, and in Macanie (a clothing manufacturer) 30p. These prices represent premiums of 58 per cent and 30 per cent respectively over the closing prices on Tuesday. By yesterday's close Kayser had gained 36p to 98p and Macanie 7p to 30p.

The bid prices value the outstanding shares in Kayser at £664,605 and in Macanie at £383,382, and the entire capitals at £6m and £2.45m respectively.

Courtaulds aaid yesterday that the bids represented "a tidying-up operation" to make for more sensible and efficient operation.

A holder of 12.5 per cent of the Kayser minority holding intends to accept the offer.

Courtaulds has two other UK subsidiaries with minority holders—International Paints (12 per cent outstanding) and British Cellophane with 25 per cent held by a French company.

International Paints' shares rose 7p to 82p yesterda yon hopes of a bid for the minority. But Courtaulds said that it had no intention of making an offer for the outstanding interest.

British Cellophane has operated with its French partner since 1935 and this arrangement is to continue, the group added.

Keyser, which Courtaulds took control of in early 1966, reported profits sharply higher at £965,000, compared with £201,000, for 1979. Macanie, which came under Courtaulds' wing in 1967, lifted profits from £337,000 to £605,000 in 1979.

Low & Bonar gains full control of Canadian packaging network

Low and Bonar Group has agreed to pay C$11m (£4m) for the 45 per cent minority interest currently held by Bemis Company Inc., of Minneapolis, U.S., in Bonar and Bemis, their jointly-owned western Canadian packaging company. The deal is subject to appropriate governmental approvals.

The acquisition by Low and Bonar, which at present owns 100 per cent of Bonar Packaging operating in eastern Canada, will give the group full control of the 14-plant Canadian packaging natwork with sales of £32m. This will then trade under the Bonar name.

Pre-tax profits for the year ended November 30, 1979, attributable to the shares to be acquired totalled C$1.49m (£544,000), with related net tangible assets at that date of C$11.65m (£4.24m).

Mr. Brian Gilbert, group chief executive of Low and Bonar, says the move gives the group greater flexibility in a competitive climate to take full advantage of potential new markets, product developments and equipment.

Low and Bonar, with interest in packaging, engineering, textiles and the leisure and travel industries, established a new packaging plant in Georgia, U.S., last year for the manufacture and distribution of bulk containers.

NASSAR BUYS MORE INVERESK

Mr. Edward Nassar, the Lebanese businessman who earlier this year took over tha chair of two UK companies, has further incerased his bolding in Inveresk Group, the Scottish paper concern.

He has acquired a further 372,000 shares, taking bis total interest up to 2,060,000 shares—equal to 10.12 per cent.

Mr. Nassar, who is based in Switzerland and has several interests in UK companies, took over the chair of the Blue Bird Confectionery and Jantar, both West Midlands-based concerns, in January.

It was also announced yesterday that Mr. Nassar had bought a further 25,000 shares in Bisichi, taking bis bolding up to 8.49 per cent.

W. NORTON

The Machine Tools subsidiary of W. E. Norton (Holdings) has bought the machine shops, presses, and entire forge plant formerly operated by Chemetron, at Pontyclun, South Wales.

Revertex sees rise in trading profits

SIR CAMPBELL ADAMSON, chairman of Revertex Chemicals, has predicted "an improvement in trading profits" subject to several conditions such as interest rates and foreign exchange levels. The forecast comes in Sir Campbell's recommendation that Revertex shareholders accept the terms of Yule Catto's offer for the 70 per cent of ordinary share capital in Revertex it does not already own.

Yule Catto increased its offer on July 19 in a package which values Revertex shares at 54p each, an aggregate of £5.4m against an earlier £5m for the shares it does not already own.

AB FOODS COMPLETES

Associated British Foods has completed, through its Dairy Tops subsidiary, the purchase of the outstanding 60 per cent of William Pendleton and Sons, ice-cream manufacturer, which it did not already own.

Consideration is some £1.35m, a total of £400,000 to be satisfied by the issue of 400,000 new AB Foods. Net assets of Pendleton are about £1.5m.

J. ANDREWS/ UTD. NEWSPAPERS

The Monopolies Commission report on the proposed transfer of 14 newspapers owned by J. Andrew and Company to United Newspapers concludes that the transfer might not be expected to operate against the public interest.

The Secretary of State gave formal consent for the transfer to United Newspapers yesterday.

CAPITAL & COUNTIES

Kuwait Investment Office acquired 4,125,000 shares in Capital and Counties Property between July 16 and 23. Its total holding on July 23 was 4.86m ordinary (6.33 per cent).

Prestige dips to £2.2m as consumer demand falls

THE SHARP decline in consumer demand in the UK during the second quarter and the continued strength of sterling meant that pre-tax profits of Prestige Group slipped from £2.42m to £2.24m for the half-year ended June 30, 1980.

Sales of the domestic housewares manufacturer, which is controlled by American Home Products Corporation, rose by 4.6 per cent to £31.71m (£30.31m).

The directors say the strong pound contributed to a reduced level of exports and adversely affected the results in sterling of overseas subsidiaries.

The taxable surplus was struck after adjustment for exchange losses up from £182,000 to £248,000.

The interim dividend is held at 2.5p—last year'a total was 6.375p, paid from pre-tax profits of £5.86m.

Tax for the half-year took £1.04m (£1.11m), leaving the net balance down from £1.32m to £1.19m.

● comment

After several years of steady, but plodding pre-tax profits growth, the interim figures from Prestige now reveal a continuing but gentle decline. The group's last full year profits were 14.4 per cent lower, partly because of exchance translation losses. This problem* has persisted in the first half of the current year and has had quite an impact since around 40 per cent of group business comes from overseas subsidiaries and exports. Interim earnings are down by 7.7 per cent before tax. The currency difficulty has combined with flat consumer demand in the UK to knock 2.4 points off Prestige's pre-tax margins since year-end. The company can, however, claim a healthy balance sheet; it has no gearing and its interest charges only somewhat exceed its income received. The second half performance will depend on the extent of the consumer spending squeeze, but a solid contribution from overseas could counterbalance domestic pressures. Assuming a slightly lower full year pre-tax of £5.7m, the prospective fully taxed multiple would be 9.1 at 138p. The yield on a maintained dividend would come to 7.2 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Beaumont Properties, Drayton Premier Investment Trust, Martin Ford, Hirst and Mallinson, Lex Service, River and Mercantile Trust, River Plate and General Investment Trust.

Finals—Dixons Photographic, Fitch Lovell, Lep, Macarthys Pharmaceuticals, Midland Trust, William Ransom.

FUTURE DATES

Interims—

Anglo-American Gold Invest. .... Aug. 7
Broadstone Investment Trust .... Aug. 11
General Accident Fire and Life Assurance .... Aug. 13
IMI .... Aug. 26
Ratcliffs (Great Bridge) .... Aug. 14
Scottish United Investors .... Aug. 1

Finals—

Brasway .... Aug. 1
City of London Brewery and Investment Trust .... Aug. 8
Cowan de Groot .... Aug. 5
Denbyware .... Aug. 18
Gripperrods .... Aug. 29

Thomas Witter declines

THE DOWNTURN in profitability seen at Thomas Witter and Co. in the second half of last year continued in the six months to May 31, 1980, with pre-tax profits for the period showing a fall from £647,163 to £450,608. Sales of this floor and wall covering manufacturer increased, however, from £12.6m to £13.7m.

In his annual statement in March, Mr. H. Bowser, the chairman, said the current year had started with optimism and it was considered that last year's level of trading should be exceeded. After a £10,000 rise at midway, pre-tax profits last year had dropped from £1.87m to £1.63m.

The net interim dividend is held at 0.7p per 25p share—the final last time was 3.33375p.

Tax for the half-year took £295,480 (£365,662), giving net profits of £155,128, against £281,501.

Drayton Commercial interim up

THE DIRECTORS of Drayton Commercial Investment Company, are raising the interim dividend for 1980 from 1.3125p to 2p per share. The increase is to reduce disparity and it is intended that the final payment will be at least maintained at 4.6875p.

Revenue for the first six months improved from £1.2m to £1.57m before tax of £601,400 *against £460,600.* Net asset value amounts to 194¾p (166¼p).

SCOTCROS

Trading profits of Scotcros for the first half of the current year are expected to be maintained at least at the same level as last year, Mr. W. R. Alexander, chairman, said at the annual meeting.

He added that the recent purchase of certain assets from the *receiver of Alfred Conner and* Co., printer and manufacturer of rigid cardboard boxes and cartons, should lead to employment for up to 100 people who would otherwise have lost their jobs.

Brown & Jackson makes £1m leisure acquisition

Brown and Jackson, the building and civil engineering group with general trading interests, is to purchase 75 per cent of the ordinary share capital of Honeysuckle Fashions and J. Lawrence (Gift Box), two leisure and casual clothing companies.

The purchase is conditional on normal tax clearances and on the 1979-80 audited accounts of the two companies showing combined net assets of at least £900,000 and net profits of £400,000.

The aggregate consideration will be £1,090,550 in cash, with the initial sum payable of £708,050 plus three further sums of £127,000 over the following three years.

The vendors have warranted that combined profits of the acquired companies will average £500,000 per annum for the three years ending March 31, 1983.

They will continue to hold 25 per cent of the companies' ordinary shares and will remain responsible for the *day-to-day* management of the companies.

McLeod Russel makes progress in current year

For the current year, the trade investments and property interests of McLeod Russel are showing further progress, Sir *John Jardine Paterson,* chairman, says in his annual report.

The year in India has started well and the re-integration of Zimbabwe together with development plans in Indonesia *will* serve to consolidate and expand the group's agricultural activities, the chairman adds.

The group, in conjunction with its partners, Tatas and James Finlay, have purchased an instant tea processing plant in Florida, while as announced earlier, the group has acquired a 20 per cent interest costing £1.25m, in Moray Petroleum Holdings and Development to participate in the Beatrice Fiald in the North Sea.

The growth in assets on which the group has recently concentrated has been at some cost to immediate earnings which are in any event affected by unrelieved ACT. Directors continue however to seek sources of earnings growth.

For the year ended March 31, 1980, group pre-tax profits improved from £4.18m to £4.47m on turnover of £20.14m against £18.26m.

Net book assets outside India have grown from £1.26m five years ago to £8.8m at March 31 this year. In addition there were unrealised gains on quoted trade investments and *a surplus* over book value attributable to the group's UK property interests.

The quoted trade investments had a *market* value of £4.62m as at March 31, being £1.83m in excess of book value.

On the Indian side, the chairman says the processes leading to clearance of the remittance of past profits earned prior to rupeeisation continue to take time and at the financial year-end, a total of £1.43m was still outstanding.

Assam Trading (Holdings) holds 38.27 per cent of the group's ordinary capital. Meeting, Victoria House, Vernon Place, W.C., August 22 at noon.

Greycoat misses forecast with £0.24m for year

Contrary to the forecast of improvement, mada at midway, Greycoat Estates, property investment group, reports a fall in pre-tax profits for the year ending March 31, 1980, from £299,342 to £242,234.

At halfway, announcing profits of £373,465 (£200,039), the chairman said that since most of the anticipated income for the year had been received in the first six months, profits for the year were likely to be lower than for the half-year, but would show a considerable improvement over 1979.

Turnover for the year was up to £696,086 (£658,919). Taxation took £51,634 leaving an attributable balance of £190,600. Last year the after-tax figure of £180,719 was reduced to £79,327 after deducting pre-acquisition profits of a subsidiary acquired during the year.

The company says satisfactory progress was made during the year on existing projects, and a number of new schemes are being actively pursued. Stated earnings per 10p share are 2.4p (1.34p). The dividend is stepped up from 0.28p to 0.32p net.

MALLINSON

Acceptances received for Mallinson-Denny's rights issue totalled 19.48m shares—about 91.4 per cent.

DUALVEST

Net asset value per capital share of Dualvest was 493½p as at June 30, 1980, compared with 401½p three months earlier.

UK COMPANY NEWS

Belhaven back in the black

A TURNROUND from a loss of £54,000 to a pre-tax profit of £111,000 is reported by Belhaven Brewery Group for the year to March 30, 1980.

There are tax credits this time of £3,000 (£18,000) but extraordinary losses of £642,000 (£298,000) have resulted in an increased attributable deficit of £528,000 (£334,000).

A resolution for a reduction of capital by applying the share premium account against accumulated revenue losses will be proposed at an EGM in September.

In the light of the losses incurred in the disposal of the company's Bermudian subsidiary—sold March 31, 1980—and the restatement of the company's assets, no dividend is declared for the year, compared with a 0.45p total for 1978-79. However, the directors say the proposed capital reduction will remove dividend inhibition in future.

With the company realistically valued and the loss-making Bermudian subsidiary disposed of, all operating companies within the group are trading profitably, the directors state.

They add that they are optimistic about the future, not only in terms of profits of present business, but also with regard to expansion into the leisure industry.

At the last AGM shareholders asked that the past conduct of the company be investigated. A close scrutiny of the transactions entered into by the group over the last few years has accordingly been undertaken and nothing irregular has come to light, it is stated.

For the year, turnover of continuing parts of the group totalled £7.41m (£4.77m). Trading profit was £563,000 (£365,000) and interest took £316,000 (£194,000), leaving profits of £247,000 (£171,000).

On turnover of £528,000 (£353,000), the Bermudian subsidiary reported an operating loss of £115,000 (£206,000). After interest of £21,000 (£19,000) the deficit was £136,000 (£225,000).

Group extraordinary losses comprise loss on disposal of Bermudian operation £361,000, deficit on directors' valuation of certain hotel properties £178,000, provision for loss on foreclosure of loan receivable £78,000 and minor items £25,000.

Value attributable to loans receivable has been restated both in 1979 and 1980 figures to reflect their present worth to the group after due allowance for brewery tied value.

● comment

The market remains understandably suspicious of Belhaven. A 54 per cent increase in trading profits and a far-reaching clean out of the balance sheet failed yesterday to lift the shares, which rest just under par at 24p. Even this is expecting a fair amount of the new management, however, since the share price produces a historic p/e of 14.1—on a nil tax charge. When the heavy extraordinary losses and deficit on reserves are added to the picture, the caution is hardly surprising. At the same time, there may be tentative grounds for optimism. The Bermudan debacle is out of the way, all operating divisons are trading at a profit and, whatever one thinks of the statement on past transactions, the board is more cohesive than was the case last year. The capital reconstruction should permit payment of a modest dividend this year and, taking a long term view, the proposed expansion into leisure activities could reap rewards. Beleaguered shareholders will be pleased to hear that the forthcoming accounts should be unqualified.

Jourdan surges to £331,000 mid-year

TAXABLE PROFITS of Thomas Jourdan, investment holding company, surged from £108,000 to £331,000 for the first six months of 1980, on turnover of £3.27m compared with £2.32m.

Mr. Archie McNair, the chairman, says all subsidiaries traded profitably and despite keen competition caused by the increasing recession, home order intake has been improved.

Profitable trading continues at a good level and the second half has started with a satisfactory order book.

Earnings per 10p share are shown well ahead from 1.3p to 3.96p and, mainly to reduce disparity, the interim dividend is raised from 1.5p to 1.75p net—last year's total pay-out was 4.2p on pre-tax profits of £360,000.

Interest charges for the half-year increased from £59,000 to £73,000, due entirely to the loan raised to acquire the Rockingham companies—other borrowings continue to be reduced.

● comment

The shares of Thomas Jourdan responded smartly to more than trebled half time profits, rising 8p to 70p. The increase was almost wholly attributable to the trading operations, which increased sales by 44 per cent. The group has reorganised its lighting division, which was responsible for much of the improvement, and the recently acquired Rockingham companies have also made a contribution. Royalty income, on the other hand, has been disappointing, with the purchase of new royalties only just offsetting a decline in profits from Mary Quant. Assuming that Jourdan doubles its interim profits over the full year, the prospective fully-taxed p/e works out at 8.6. This could prove conservative, although Jourdan's recent track record hardly inspires confidence and the apparent solidarity of the balance sheet rests largely on such intangibles as goodwill and the value attributed to royalties. A 10p gross dividend for the year would, however, provide the attractive compensation of a 14.7 per cent yield.

Stock Conversion pays more despite slightly lower revenue

As foreshadowed, taxable revenue of Stock Conversion and Investment Trust slipped slightly in the year to March 31, 1980, from £8.7m to £8.27m.

At midyear, when pre-tax revenue showed a fall of £633,000 at £4.13m, the directors thought it unlikely that revenue before tax would reach last year's figure.

A final dividend of 2.625p makes a total of 4.8125p net (3.965p). A one-for-two scrip issue is also proposed.

Basic earnings per 25p share are given as 16.5p (16.08p) and fully diluted earnings as 14.61p (14.18p).

The directors believe that the results can be regarded as very satisfactory as during the year under review the proportion of total revenue derived from net rental income increased from 69 to 81 per cent.

Dealing profits, they say, were under 1 per cent, compared to 18 per cent the previous year.

Pre-tax revenue was struck after minorities up from £1.3m to £1.6m and revenue from associated companies of £1.5m (£1.39m).

After a lower tax charge, down from £3.8m to £3.3m, extraordinary items of £77,000 (nil) and a transfer to capital reserve of £77,000 (£33,000 debit) attributable revenue rose to £4.98m compared with £4.9m.

● comment

The broad market consensus suggests that Stock Conversion is backed by fully diluted assets of some 500p per share. That estimate may be upgraded when the accounts are published but, for the moment, the shares are trading at an apparent discount of 11 per cent at 445p, up 2p yesterday and thus look fully valued. The sector has recovered rather well from Land Securities' rights issue and the bearish review by Property Advisory Services. In part, this may be attributed to the traditional pull of declining interest costs and, although development conditions may not yet be overwhelmingly favourable, a spate of major bids has added an undeniably speculative flavour. With the KIO as a prominent shareholder, Stock Conversion should not be excluded from a more far-reaching list of takeover candidates. The reversionary potential, moreover, is good and the underlying rate of revenue growth is strong given the near elimination of dealing profits. Yet the group is maintaining a somewhat muted line on fresh development possibilities and buying attention, in an admittedly tight, one-way market, appears to be focused where development aspirations are more obvious.

Order intake up at James Dennis

The rate of order intake in the engineering division of James H. Dennis and Co. had doubled in the first 17 weeks of the current year, compared with the same period of 1979 and even the castings division, operating in the troubled foundry sector, was showing a modest increase over last year, Mr. J. J. Mundell, the chairman, told the annual meeting.

For the year ended March 31, 1980, pre-tax profits were £115,137 (£180,834 for seven months period).

Mr. Mundell welcomed the Government's action in granting enterprise zone status to Trafford Park—an immediate benefit to the company would be relief from general rates.

FUNDINVEST

Net asset value per capital share of Fundinvest as at June 30, 1980, was 121½p compared with 98p as at March 31.

S & N set to maintain market shares

DESPITE the uncertain business outlook, Mr. P. E. G. Balfour, the chairman of Scottish and Newcastle Breweries, is confident that the company has sufficiently strengthened its position during the last year to at least maintain its share of the market in all the activities in which it is involved.

The chairman tells members in his annual statement that a reduction in the high level of interest rates would benefit earnings, but real progress will have to wait until an improvement in general market conditions provides the opportunity.

He believes the group is now in a position to exploit any such opportunity to its best advantage.

As reported on July 5, operating profits rose 22 per cent for the year to April 27, 1980, but the impact of increased borrowing and higher interest rates resulted in pre-tax profits up nearly 10 per cent to £39.1m (£35.7m). Turnover advanced from £426.9m to £498m.

Current cost pre-tax profits are shown at £26.4m (£25.5m) after additional depreciation of £8.6m (£8.4m) and cost of sales of £6.9m (£3.6m) less gearing of £2.8m (£1.8m).

Meeting, Edinburgh, August 21, noon.

MINING NEWS

Latest thoughts on the gold share market

BY KENNETH MARSTON, MINING EDITOR

GOLD SHARES turned easier yesterday on profit-taking coupled with a lower bullion price which closed $18 down at $630.50 per ounce. The FT gold mines index gave up 7.1 to 376.7, but on the previous day it had reached its highest since 1975.

The question being asked is whether gold and gold shares are still in an overall upward movement. Mr. Ian Wright remains firmly bullish for both the metal and the shares of the South African producers in the latest gold review published as part of their gold share evaluation service by stockbrokers, Laurence, Prust.

In the comprehensive two-part publication, which ranks as a major reference work for this type of investment, it is concluded that: "Gold prices could continue volatile with perhaps a major U.S. Treasury sale providing a buying opportunity. However, we are strongly of the opinion that the price trend will continue upwards with prices significantly above current levels at the end of 1980."

An investment merit table lists South African gold shares in order of merit in terms of earnings related to current bullion and share prices. The top four are: Randfontein, Vaal Reefs, Southvaal and Doornfontein.

Other aspects such as good ore grade and long life prospects also have to be considered of course, and the review makes it clear that companies such as East and West Driefontein, which come lower down the investment merit table, would have to be included in a balanced portfolio.

In another review, brokers Panmure Gordon are inclined to be more cautious, partly because of the speculative nature of the present demand for gold and the continuing rise in mine costs which will be given a further push by the recent 15 per cent wage award in South Africa.

However, the brokers point to the high level of dividend yields and feel that there is a case for holding the high quality mines such as Vaal Reefs, Hartbeestfontein, Free State Geduld and Winkelhaak. The marginal mines are not recommended with the exception of Harmony "as a more gold price sensitive investment."

MARY KATHLEEN

Uranium production at Australia's Mary Kathleen was significantly higher during the second quarter to end-June. Output during this period was 212.1 tonnes of uranium oxide compared with 155.7 tonnes in the previous quarter.

The first quarter's production, however, had been affected by a combination of mechanical problems and a major industrial strike.

The Rio Tinto-Zinc group company is undertaking a regional and local exploration programme in the Mary Kathleen area, but says that to date, no mineralisation of economic significance has been found.

CSR finds more molybdenum in NSW drilling

THE major Australian industrial and mining group, CSR has obtained further promising results from a molybdenum discovery near Mudgee in New South Wales, reports James Forth from Sydney.

The find was first reported last September with large intersections of molybdenum giving modest values of around 0.06 per cent but there has been no further news till now.

Results of three new drill holes now released show average molybdenum yields ranging from 0.06 to 0.1 per cent over intersections ranging from 18 metres to 51 metres.

The directors said that low grade tungsten had also been encountered in association with the molybdenum. A further 10 exploration licence areas had been obtained in the region taking the total area to about 2,000 sq km.

CSR, in its first quarterly report on its mining activities, also revealed that it is looking for oil shale in the Coolgardie region of Western Australia.

GREAT EASTERN EMERALD DEAL

While production is progressively building up at its 50 per cent owned Aga Khan emerald mine in Western Australia, Great Eastern Mines has signed a long-term marketing contract with Ringcraft Property, a major firm of jewellers in Western Australia.

Great Eastern's chairman, Mr. Wayne Ryder, says that a considerable number of higher grade gem quality emeralds will be stockpiled to take advantage of the forecast increase in world price for emeralds.

The company has also been expanding in other areas. It recently bought four gold tailing dumps in the North Coolgardie goldfield and is purchasing interests in prospective open cut gold areas nearby, as well as pegging further claims.

It is also making moves to expand overseas, initially taking an 18.2 per cent interest in three oil and gas acreages in the U.S. The shares were 20p yesterday.

SLOWER RISE IN ATLAS EARNINGS

The Philippines' major copper producer, Atlas Consolidated Mining and Development, has reported a second quarter net profit of 79m pesos (£4.6m), to boost the current year's first half earnings to 235.3m pesos (£13.8m), nearly 60 per cent ahead of those for the same half of last year.

However, although profit in the 1980 second quarter was 37 per cent higher than in the comparable period of 1979, its percentage growth trailed behind the rise in operating revenue during the period, which was up 55 per cent at 586m pesos.

Atlas president, Mr. Andres Soriano, attributed this to the rise in production costs which went up 37 per cent as a result of higher oil prices.

Mr. Soriano said that the company produced 74.5m lb of copper during the second quarter, 11 per cent up on the 1979 comparable figure, and added that production would have been higher if the National Power Corporation (the Government-controlled power generating company) had not further curtailed electricity supplies.

Ni-Cal venture in Oregon

TWO YEARS AGO mining industry observers accorded a fair degree of scepticism to reports that mining claims along the western end of the Oregon-California border held massive ore reserves, estimated at 100m tonnes at least, containing laterite nickel, chrome and cobalt, which were amenable to open-pit mining methods.

The claims, held by Inter-American Nickel, a private company backed by Canadian interests, were subsequently acquired by Ni-Cal Development of Vancouver and a major mining development was planned.

The latest news, reported by Anthony Polski, is that the Ni-Cal venture is proceeding on schedule. Mr. William E. Hosken, president and chief executive of Ni-Cal's U.S. subsidiary, California Nickel, has said that final summer field work, preparation and submission of the required environmental impact reports and further refinement of metallurgical processing techniques are all in fairly advanced stages.

He has added that the construction of a $200m (£84m) processing plant, near Crescent City in northern California, could start next year. Company hopes are that the Ni-Cal properties could produce some 2.5m lb of cobalt, 30m lb of nickel and at least 20,000 tons of chromite ore annually over a 20-year period.

However, just how far these hopes will be realised remains to be seen, as does the economic potential. The area has long been known to contain laterite nickel and other companies represented in this part of the US include Hanna Mining with ferro-nickel interests in south-west Oregon and Del Norte with a large chromite deposit which awaits development.

Ariel Industries 'unlikely to hold profit level this year'

TRADING in the first quarter of the current year has been at a low level at Ariel Industries, and as things stand it is unlikely that the group will be able to maintain earnings at last year's level, says Mr. Kenneth Edwards, chairman, in his annual statement.

However, he adds, the directors take a reasonably optimistic view of the future and are determined to ensure that they are ready to take advantage of the upturn when it comes.

Pre-tax profits climbed from £312,949 to £1.03m in the year to March 31, 1980, as already reported.

UK manufacturing industry will inevitably be subject to severe financial pressures with the current annual rate of inflation, Mr. Edwards states. However, the group's policy of maintaining a strong balance sheet ensures that it is well able to stand the strain.

Cash flow is sound and operating units' day-to-day needs can be met while maintaining adequate levels of investment. Spending again topped £1m last year and a similar investment programme is planned for the current period.

The chairman says that, with the continuing and widespread decline in home demand for the group's products, more export business will have to be found to maintain output levels.

Although the combined effect of a strong pound and high inflation rate makes this difficult, he adds, the directors believe that even if the short-term profit margins are low, it is vital that the group retains its market shares abroad.

The industrial fastener side of the business—S. and D. Rivet—is still experiencing difficult trading conditions. The current phase of destocking throughout the UK engineering industry has caused the sharpest downturn in demand the group has known for many years, the chairman says. Any investment in new capacity is being severely restricted until prospects improve.

Future prosperity depends more and more upon obtaining a larger share of the European market, and the group is continuing to spend heavily on marketing in that area.

The food closure business at Thomas Hunter has won large contracts from the Middle East for the last few years, but with the political uncertainty in that part of the world, one of the priorities is to develop alternative markets.

The chairman says the NFT development project could prove to be a welcome diversification, and so far the signs are encouraging. The real test will come next year when the group attempts to establish a role for itself in the marketing of horticultural products.

Shareholders' funds were up from £5.43m to £6.29m at the year-end.

Meeting, Rugby, August 22, noon.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP	300	58	6	76	—	—	—	346p
BP	350	23	2	39	—	50	—	"
BP	390	12	1	24	—	—	—	"
Com. Union	160	7	42	11	—	16	6	161p
Cons. Gold	500	46	2	60	1	80	—	505p
Cons. Gold	550	22	2	35	—	25	—	"
Cons. Gold	600	12	2	22	—	—	—	"
Courtaulds	60	12½	—	16	—	17½	3	67p
Courtaulds	70	6	—	10	—	13	5	"
GEC	330	170	2	182	—	—	—	484p
GEC	420	82	10	102	—	—	—	"
GEC	460	46	5	78	—	90	—	"
GEC	500	26	1	46	—	68	—	"
Grand Met.	160	9½	1	17½	—	25	—	156p
Grand Met.	180	3½	—	9½	4	15	—	"
ICI	330	54	16	62	—	—	—	374p
ICI	360	29	6	41	—	50	—	"
ICI	390	12	1	26	5	31	1	"
Land Secs.	330	64	53	73	—	—	—	370p
Land Secs.	360	43	54	56	—	—	—	"
Land Secs.	390	20	10	35	2	41	—	"
Marks & Sp.	100	6½	—	11	—	14½	1	97p
Shell	420	24	2	38	4	48	1	410p
Totals			204		16		21	
		August		**November**		**February**		
Imperial Gp.	80	3½	7	6½	—	10½	—	82p
Lonrho	94	13	46	17½	2	25	—	104p
Lonrho	104	7	1	14	5	18	—	"
Lonrho	114	3	12	9½	92	14	—	"
P. & O.	110	21	—	26	—	27½	1	128p
P. & O.	130	5½	2	12	—	14½	—	"
Racal Elec.	260	24	13	41	1	53	—	280p
Racal Elec.	280	11	2	28	1	42	—	"
Racal Elec.	300	3½	20	18	7	32	—	"
RTZ	390	78	—	93	—	122	2	464p
RTZ	420	48	1	68	—	98	—	"
RTZ	460	17	—	40	3	67	1	"
Totals			104		111		4	

Companies and Markets

CURRENCIES, MONEY and GOLD

Dollar strong

The dollar rose sharply in currency markets yesterday to finish at its best level of the day, boosted by a 2.5 per cent rise in the U.S. index of leading economic indicators in June. This followed a revised fall of 2.3 per cent in May. Demand for the dollar increased during the afternoon after the announcement, although the general undertone had been firm throughout the morning on firmer U.S. interest rates. Against the D-mark, it finished at DM 1.7765 compared with DM 1.7590 on Tuesday, and SwFr 1.6465 from SwFr 1.6230 in terms of the Swiss franc. The Japanese yen was weaker, but to a lesser extent, and the dollar closed at Y226.95 against Y226.80 previously. On Bank of England figures the dollar's trade weighted index rose from 84.1 to 84.4.

Sterling was weaker on a trade weighted basis and lost ground quite sharply against the dollar. After opening at $2.3690-2.3700, it drifted down to $2.3640, but then fell rapidly to $2.3500. Just before the close of business, the pound touched a low of $2.3470-2.3490, and finished at $2.3480-2.3490, a fall on 2.2c on the day, and its worst closing level this month. On Bank of England figures sterling's trade weighted index fell to 74.8 from 75.1, having stood at 75.0 at noon

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rate differentials —The D-mark was weaker against most currencies at yesterday's fixing in Frankfurt, with sterling higher at DM 4.1750 against DM 4.1640, and the French franc quoted at DM 43.175 per FFr 100 from DM 43.12. News of a reduction in West Germany's preliminary cost of living index for July to show an annualised rise of 5.4 per cent from 6 per cent previously, appeared to have little effect on trading. The U.S. dollar was fixed at DM 1.7621 against DM 1.7514 on Tuesday and traded in a narrow range for much of the morning.

BELGIAN FRANC—Remaining steady within the EMS despite recent easing of Brussels interest rates, including two cuts in the central bank discount rate in the last month—The Belgian franc was slightly weaker overall in Brussels yesterday, following the latest cut in the central bank discount rate to 12 per cent from 13 per cent. The French franc rose to BFr 6.8980 from BFr 6.8831 and the D-mark was higher at BFr 15.9830 compared with BFr 15.9780 previously. The dollar was fixed higher at BFr 28.16 from BFr 27.99, helped by firmer U.S. interest rates, while sterling rose to BFr 66.68 from BFr 66.57.

DUTCH GUILDER—Very firm near the top of the EMS, allowing a cut in the discount rate earlier this month—The guilder showed little overall change in Amsterdam yesterday, remaining the second most improved currency within the EMS, behind the French franc. The dollar rose to Fl 1.9225 from Fl 1.9130, while sterling was unchanged at the fixing at Fl 4.5510. The D-mark fell to Fl 1.0910½ from Fl 1.0913 but the French franc was firmer at Fl 47.11 per FFr 100 against Fl 47.065.

JAPANESE YEN — Showing weaker trend again after a marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency—The yen continued to improve against the dollar in Tokyo yesterday, with the U.S. unit quoted lower at the close at Y225.90 compared with Y226.60 on Tuesday.

THE POUND SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3470-2.3730	2.3480-2.3490	1.77-1.67c pm	8.79	3.73-3.63 pm	6.27
Canada	2.7370-2.7630	2.7380-2.7390	1.75-1.65c pm	7.45	3.60-3.50 pm	5.18
Nethlnd.	4.53½-4.57½	4.54¼-4.55¼	3½-2½c pm	7.92	7¼-6¾ pm	6.27
Belgium	66.40-66.95	66.45-66.55	25-15c pm	3.79	53-43 pm	2.89
Denmark	12.85-12.93	12.85½-12.86½	1⅛ore pm-½ dis	0.29	5¼-7¼ dis	−2.02
Ireland	1.1060-1.1120	1.1085-1.1095	0.05p pm-par	0.27	0.28-0.23 pm	0.92
W. Ger.	4.16-4.19½	4.17-4.19	3⅞-2⅝pf pm	9.98	8¼-7¾ pm	7.54
Portugal	118.20-117.40	115.60-115.70	56-8c pm	3.29	58pm-64dis	−0.10
Spain	168.00-189.66	168.05-168.20	34-86c dis	−4.28	234-324 dis	−6.64
Italy	1,962-1,974	1,963-1,965	5-8 lire dis	−3.97	35-38 dis	−7.43
Norway	11.40-11.51	11.40-11.42	9-7½ore pm	8.48	17¼-15¾ pm	5.76
France	9.64-9.70	9.64-9.66	4¼-3¼c pm	4.66	9½-8¼ pm	3.73
Sweden	9.71-9.82	9.71-9.73	3¾-2⅞ore pm	4.01	4-3½ pm	1.47
Japan	530-540	533-534	2.00-1.60y pm	4.05	4.25-3.85 pm	3.04
Austria	29.46-29.65	29.45-29.50	17-15gro pm	6.51	37½-32 pm	4.71
Switz.	3.83-3.88	3.86¼-3.87¼	3¾-2¾c pm	10.08	10¾-9¾ pm	10.47

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 5.15-5.05c pm. 12-month 7.00-6.90c pm.

THE DOLLAR SPOT AND FORWARD

July 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3470-2.3730	2.3480-2.3490	1.77-1.67c pm	8.79	3.73-3.63 pm	6.27
Ireland†	2.1140-2.1335	2.1140-2.1160	1.80-1.70c pm	9.86	4.10-4.00 pm	7.60
Canada	1.1836-1.1869	1.1848-1.1849	0.08-0.11c dis	−0.98	0.26-0.29dis	−0.94
Nethlnd.	1.9205-1.9340	1.9320-1.9340	0.08-0.18c dis	−0.81	0.12-0.02 pm	0.14
Belgium	28.10-28.32	28.30-28.32	9-10½c dis	−4.15	23-25 dis	−3.40
Denmark	5.4415-5.4610	5.4440-5.4455	4-4½ore dis	−9.37	11½-12 dis	−8.63
W. Ger.	1.7600-1.7770	1.7760-1.7770	0.08-0.03pf pm	0.37	0.65-0.60 pm	1.41
Portugal	49.15-49.60	49.25-49.45	13-33c dis	−6.66	55-105 dis	−6.48
Spain	71.37-71.56	71.46-71.53	75-95c dis	−14.27	215-245 dis	−12.87
Italy	832.00-832.90	832.10-832.40	12-14 lire dis	−18.74	33-36 dis	−16.58
Norway	4.8470-4.8508	4.8470-4.8480	0.20orepm-0.30ds	−0.12	0.40-0.90dis	−0.54
France	4.0810-4.1030	4.1060-4.1080	1.12-1.22c dis	−3.43	2.30-2.45dis	−2.32
Sweden	4.1312-4.1405	4.1350-4.1360	1.65-1.85ore dis	−5.08	5.00-5.20dis	−4.93
Japan	225.70-227.00	226.90-227.00	0.90-0.95y dis	−4.63	1.70-1.85dis	−3.13
Austria	12.48½-12.55½	12.64½-12.65½	2.30-2.90gro dis	−2.50	4.50-5.25dis	−1.72
Switz.	1.6200-1.6495	1.6460-1.6470	0.64-0.59c pm	4.48	1.80-1.70 pm	4.25

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 30	Bank of England Index	Morgan Guaranty Changes%
Sterling	74.8	−31.8
U.S. dollar	84.4	−8.9
Canadian dollar	80.8	−17.2
Austrian schilling	167.6	+26.9
Belgian franc	116.1	+14.8
Danish kroner	107.7	−3.5
Deutsche mark	156.6	+43.6
Swiss franc	198.4	+78.9
Guilder	106.3	+20.4
French franc	102.1	−5.4
Lira	53.5	−50.8
Yen	125.4	+23.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.556895	0.605654
U.S. $	10	1.39335	1.43782
Canadian $	10.18	1.65998	1.67639
Austria Sch	6¾	16.4373	17.8793
Belgium F	13	37.0472	40.9770
Danish K	13	7.17256	7.80019
D'mark	7½	2.31772	2.52132
Guilder	9	2.53157	2.76185
French Fr.	9½	5.37743	5.84547
Lira	15	1098.32	1193.31
Yen	9	301.327	396.819
Norwgn. Kr.	9	6.39509	6.94756
Spanish Pta.	8	94.1664	109.359
Swedish Kr.	10	9.47332	5.93965
Swiss Fr.	3	2.13466	2.32108

OTHER CURRENCIES

July 30	£	$		£ Note Rates
Argentina Peso	4437-4467	1878-1885	Austria	29.40-29.70
Australia Dollar	2.0355-2.0396	0.8655-0.8660	Belgium	66.40-67.15
Brazil Cruzeiro	126.63-127.63	53.68-53.88	Denmark	12.85-12.95
Finland Markka	8.554-8.543	3.6940-3.6250	France	9.62½-9.68½
Greek Drachma	101.531-103.987	42.70-42.85	Germany	4.16-4.19
Hong Kong Dollar	11.63-11.65	4.9340-4.9360	Italy	1930-2020
Iran Rial	n a	n a	Japan	525-540
Kuwait Dinar(KD)	0.631-0.637	0.2875-0.2976	Netherlands	4.53-4.56
Luxembourg Frc.	66.45-66.55	28.30-28.32	Norway	11.45-11.55
Malaysia Dollar	5.0775-5.0275	2.1540-2.1560	Portugal	112-116
New Zealand Dlr.	2.4030-2.4080	1.0219-1.0230	Spain	163½-170¼
Saudi Arab. Riyal	7.83-7.89	3.3185-3.3200	Sweden	9.78-9.86
Singapore Dollar	5.0110-5.0210	2.1260-2.1280	Switzerland	3.82½-3.86½
Sth. African Rand	1.7870-1.7885	0.7610-0.7615	United States	2.362-2.379
U.A.E. Dirham	8.71-8.77	3.6875-3.6890	Yugoslavia	63¼-69¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3059	+1.30	+0.40	±1.53
Danish Krone	7.72336	7.79480	+0.92	+0.02	±1.64
German D-Mark	2.48208	2.52265	+1.63	+0.73	±1.125
French Franc	5.84700	5.85325	+0.11	−0.79	±1.3657
Dutch Guilder	2.74362	2.75292	+0.34	−0.56	±1.512
Irish Punt	0.668201	0.670938	+0.41	−0.49	±1.668
Italian Lira	1157.79	1191.03	+2.87	+2.26	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 30	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.349	4.175	533.5	9.650	3.868	4.548	1964.	2.739	66.50
U.S. Dollar	0.426	1.	1.778	227.2	4.109	1.647	1.936	836.3	1.166	28.32
Deutschemark	0.240	0.563	1.	127.8	2.311	0.926	1.089	470.4	0.656	15.93
Japanese Yen 1,000	1.874	4.402	7.826	1000.	18.09	7.248	8.524	3681.	5.133	124.6
French Franc 10	1.036	2.434	4.326	552.8	10.	4.008	4.712	2035.	2.838	68.91
Swiss Franc	0.259	0.607	1.080	137.2	2.495	1.	1.176	507.8	0.708	17.19
Dutch Guilder	0.220	0.516	0.918	117.3	2.122	0.850	1.	431.8	0.602	14.62
Italian Lira, 1,000	0.509	1.196	2.126	271.6	4.913	1.968	2.316	1000.	1.394	33.86
Canadian Dollar	0.365	0.858	1.525	194.8	3.524	1.412	1.661	717.2	1.	24.26
Belgian Franc 100	1.504	3.532	6.278	802.3	14.51	5.816	6.838	2953.	4.118	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 30)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 1/2	offer 9 5/8	bid 9 15/16	offer 9 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 30	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	20-20¼	9-9¼	10-12	9¾-10	20-95	8⅛-8¾	19-14	70-100	9⅛-9⅜	18¼-12¾
7 days' notice	17⅞-18⅛	9⅛-9⅜	10-19	9¾-10	2¼-2¾	8¾-8⅞	18-14	30-37	9⅛-9⅜	13-13½
Month	18⅞-17½	8⅞-8⅞	10⅛-10⅞	9½-9¾	5-5⅛	8⅜-8¾	11¾-12	23⅛-26½	8⅝-8¾	12⅝-12⅞
Three months	15⅝-16⅞	9⅛-9⅛	10⅛-10⅞	8⅝-9⅝	5⅛-5¼	8¼-8⅜	11¾-12	24-26⅛	9⅜-9½	12⅜-12½
Six months	14⅜-14⅝	9¾-10	10½-10⅞	9⅜-9⅝	5⅛-5⅛	7¾-7⅞	11¾-19	23⅛-26	9⅜-9¾	11⅜-11⅝
One Year	13¼-13½	9⅞-10⅛	10½-10⅞	9¼-9½	5-5⅛	7¾-7⅞	11¾-12	20¾-22¾	9⅞-10	9⅞-10

Long-term Eurodollar two years 10½-10¾ per cent; three years 10¾-11 per cent; four years 11-11¼ per cent; five years 11¼-11½ per cent; nominal closing rate. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 9.00-9.10 per cent; three-months 9.20-9.30 per cent; six months 9.25-9.35 per cent; one year 9.40-9.50 per cent.

INTERNATIONAL MONEY MARKET

Belgian rates cut

The Belgian National Bank has reduced its discount rate and Lombard rate by 1 per cent to 12 per cent, and also cut the special Lombard rate by 1 per cent to 13 per cent. These moves follow the recent trend in domestic and foreign interest rates. Belgian Treasury bill rates were lowered to 13 per cent on Tuesday, and have fallen by about 4 per cent in the last four months. The authorities have been able to cut interest rates as a result of the downward trend in the U.S., a slight easing of monetary policy by other European countries such as Germany and the Netherlands, and the steadiness of the Belgian franc in the European Monetary System.

In Frankfurt money market rates showed little change on the day that the Bundesbank announced the result of its 25-day sale and repurchase scheme to add liquidity to the banking sector. Bids from the banks totalled DM 19bn, and the amount accepted by the authorities was DM 5.4bn, compared with an estimated ceiling of DM 5bn when the announcement of the terms was made on Monday.

In Amsterdam interest rates declined as speculation increased about the possibility of another cut in the Netherlands central bank discount rate, although it is only two weeks since the last reduction.

UK MONEY MARKET

Large help

Bank of England Minimum Lending Rate 16 per cent (since July 3, 1980)

The supply of day-to-day credit was somewhat improved in the London money market yesterday, with the authorities giving assistance on only a large scale, compared with the exceptional help on Monday and Tuesday. The Bank of England bought a small number of Treasury bills and local authority bills from the discount houses, and lent a large amount to four or five houses, overnight at Minimum Lending Rate.

Banks brought forward large surplus balances, and moderate government disbursements exceeded revenue payments to the Exchequer. On the other hand repayment was made of the exceptionally large amount borrowed on Tuesday.

Discount houses paid 16 per cent for secured call loans at the start, with closing balances taken at 15-15½ per cent. In the interbank market overnight loans opened at 19-20 per cent, but fell to 15-15½ per cent

GOLD

Weaker trend

Gold fell $18 an ounce in the London bullion market yesterday to close at $629-632. Trading in the morning was rather quiet but picked up during the afternoon soon after the opening of New York. The metal touched a high before the morning fixing of $637½-639, but fell to $627½-$629 during the afternoon. Later in New York it was quoted lower at $624-626.

In Paris the 12½ kilo bar was fixed at FFr 83,800 per kilo ($637.66 per ounce) compared with FFr 84,100 ($641.35) in the morning and FFr 84,500 ($646.79) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,090 per kilo ($637.33 per ounce) against DM 36,425 ($646.97) previously, and closed at $629-632 per ounce compared with $645-648.

In Zurich gold finished at $629-632 against $646-649 previously.

	July 30		July 22	
Gold Bullion (fine ounce)				
Close	$629-632	(£267¼-268¼)	$647-650	(£279¼-274)
Opening	$634-637	(£267½-269)	$646-649	(£279½-273¼)
Morning fixing	$636.50	(£268.318)	$645.60	(£271.595)
Afternoon fixing	$629	(£265.626)	$646.75	(£272.373)
Gold Coins				
Krugerrand	$644-647	(£273½-276½)	$669-671	(£282-284)
Mapleleaf	$640-643	(£271-273)	$653-657	(£279-282)
New Sovereigns	$159-160	(£67-68)	$164¼-165¼	(£69-70)
King Sovs	$182-185	(£77-79½)	$188-190	(£79¼-80¼)
Victoria Sovs	$182-185	(£77-79½)	$188-190	(£79¼-80¼)
French 20s	$161-164		$164-167	
50 pesos Mexico	$778-782		$787-801	
100 Cor. Austria	$615-620		$631-635	
$20 Eagles	$755-760		$766-770	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

July 30 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15.90	—	—	—	16¼-16¾	15-16	—	—	—
2 days notice	—	—	17¼-17¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17¼-18⅝	17⅜-17¾	—	17⅞	17⅞	16	—	—	—
One month	16⅛-16½	16⅝-17⅛	16¾-16⅞	17¼-17½	17½	17¼	15¾	14⅜-14⅝	15⅛-15⅜	16¾
Two months	16¼-16	16⅛-16⅛	—	16⅛-16½	16½	—	15⅛-15¼	14⅝	15¾	16¼
Three months	15⅝-15⅛	15⅝-15⅞	15½-16⅞	15¾-16	15½	16⅛-16¼	14¾-14⅞	14⅜	16	15¾
Six months	14⅛-14¼	14⅛-14⅝	14½-14⅝	14-14¼	14⅞	15	—	—	13⅝-13½	14⅛
Nine months	13¾-13⅝	13⅝-13⅛	—	13⅞-14¼	14⅛	14½	—	—	—	—
One Year	13⅛-13⅛	13⅛-19½	13¼-13⅝	13½-16¾	13¾	14⅜	—	—	—	—
Two years	—	—	13-13⅜	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13-13¾ per cent; four years 12⅞-13¾ per cent; five years 12¾-13¼ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14⅞-14½ per cent; four-month trade bills 15¾ per cent.

Approximate selling rate for one-month Treasury bills 14⅞-14⅝ per cent; two-months 14⅞ per cent; three-months 14⅝-14⅞ per cent. Approximate selling rate for one-month bank bills 15⅞-15¾ per cent; two-months 15¾ per cent; three-months 14⅞ per cent; one-month trade bills 16½ per cent; two-months 16 per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4363 per cent.

MONEY RATES

NEW YORK

Prime Rate	10¾-11½
Fed. Funds	9¼-9½
Treasury Bills (13-week)	9.20
Treasury Bills (26-week)	8.24

GERMANY

Discount Rate	7.5
Overnight Rate	9.575
One month	9.40
Three months	9.20
Six months	9.65

FRANCE

Discount Rate	9.5
Overnight Rate	11.875
One month	11.6875
Three months	11.625
Six months	11.4375

JAPAN

Discount Rate	9.0
Call (Unconditional)	12.75
Bills Discount (three-month)	12.6875

NORTH AMERICAN NEWS

American to buy Braniff jets

BY IAN HARGREAVES IN NEW YORK

BRANIFF AIRWAYS has agreed to sell 15 of its Boeing 727-200 jet airliners to American Airlines in a deal thought to be worth between $120m and $140m.

This is the most serious retrenchment announced so far by Braniff, which is furiously struggling to make the adjustment between the days of unfettered expansion which followed the deregulation of airlines in the U.S. and the severe cost squeeze brought about by the economic recession and soaring fuel bills.

Braniff said yesterday that the sale was part of its normal re-equipment programme, but there is no doubt that at least a substantial part of the sales have been forced by the cash pressures on the company.

It represents a big slice of Braniff's fleet of a little more than 100 aircraft and it seems likely that the 727s sold were some of the newer aircraft in the fleet.

Neither airline would give details of the sale, but American said the aircraft were at the newer end of the 727 range. Braniff's 727s have all been delivered since 1972 and it has 22 more 727s still on order with Boeing as part of an estimated $450m delivery programme due in the next 18 months.

Avmark, a Washington-based consultant, estimated the value of the 727s it sold at around $8m each.

Braniff, which in the last three years has launched one of the most spectacular expansion bids seen in the airline industry, has tried several means of easing its cash problems, including two attempts to issue preferred stock.

It recorded a $22m loss in the first quarter, has omitted its dividend and is expected in the next day or two to report a record quarterly loss for the second quarter.

The airline has this year started to cut back its U.S. operations substantially, although continued growth in capacity in its international services has offset these cuts.

Record quarterly loss at Ford

By Our New York Staff

FORD MOTOR, buffeted by fierce competition from imports at home and from weakening markets abroad, has reported its worst quarterly loss since Mr. Henry Ford first decided to sell shares in the company to the public in 1956.

During the second quarter, the second largest U.S. motor company was losing money at the rate of more than $8m a day, even after allowing for the fact that this figure includes substantial profits from divisions such as Ford's financial and insurance subsidiary.

The net worldwide loss for the second quarter of $468m compared with profits of $512m in the same period last year. Sales fell from $11.9bn to $9.27bn.

In the U.S. Ford's loss came to $735m compared with last year's profit of $153m. This more than offset Ford's overseas profits of $267m in the quarter.

The overseas contribution was down from $359m because of the slower economic growth in key markets and some loss of market share in the important West German market.

Ford Motor of Canada reported a second quarter loss of $28.8m, or $3.47 a share, against a profit of $58.2m, or $7.02. This brings the half-year loss to $52.1m on sales of $2.9bn, compared with a profit last time of $59.8m.

McDonnell to restructure board

BY OUR NEW YORK STAFF

MCDONNELL DOUGLAS, the U.S. aerospace company, is to give control of its board to non-executive directors in an attempt to strengthen surveillance of questionable foreign payments and bribes.

The company has declared its intention to seek new directors in a filing with the Securities and Exchange Commission. This follows completion of a report by a committee appointed in consultation with the SEC 18 months ago.

The committee found that the company made $21.6m of questionable foreign payments between 1969 and 1978, which is twice the amount previously disclosed by the company.

The report said that the board had not been informed promptly about payments issues and that most of the payments made in the 1970s were made with the knowledge of senior managers.

But the members of the committee, which included non-executive directors McDonnell Douglas as well as independent figures, concluded that the company was committed to a change in direction on the way it provided commissions for its agents overseas and that to this end it was willing to allow non-management directors a majority position on the board.

Reduced loss at Uniroyal

BY OUR FINANCIAL STAFF

A HALVING of the operating loss on its tyre operations to $5m and an increase in chemical operating profits from $31m to $36m allowed Uniroyal to show a reduction in its second-quarter net loss from $3.1m to $2.6m. Last year's second-quarter was hit by a strike at its U.S. tyre operations.

The tyre sector's sales made up $284m of the $593m quarterly total, compared with $416m of a $726.8m total in 1979, reflecting the sale of Uniroyal's European tyre interests. U.S. tyre revenues were down by $35m, underlining the drop in both original equipment and replacement demand.

Despite the fall in sales, Uniroyal said it managed to increase its U.S. market share for passenger tyres. In Canada and Latin America sales were up slightly on the 1979 quarter.

For the half year Uniroyal's loss came out at $14.7m against the $2.9m profit of the previous year. Sales totalled $1.17bn compared with $1.4bn.

Warner Lambert setback

BY OUR NEW YORK STAFF

PROFITS WERE under pressure in the second quarter at Warner-Lambert, the large drugs, consumer goods and instruments concern. As the company warned last month, net income was down 9 per cent, from $60.1m or 76 cents a share to $55.1m or 69 cents a share, though sales rose from $797m to $862m.

Mr. Ward Hagan, chairman, blamed the drop on the impact of the U.S. recession, plus higher outlays on advertising and research. However, sales of pharmaceutical and consumer products abroad had been good, he said.

Six-month earnings were $115.8m or $1.45 a share, down from last year's $117.9m or $1.48 a share.

Wheelabrator to buy Huyck

By Our Financial Staff

WHEELABRATOR-FRYE, the environmental controls group is to acquire the common stock of Huyck in a deal which values Huyck at around $126m. Wheelabrator will begin a cash tender offer next week at $22.125 a share for up to 35 per cent of the equity in Huyck, which is one of the largest manufacturers of paper clothing in the world.

The offer will be followed by a merger whose terms convert each two Huyck shares into one of Wheelabrator stock.

Wheelabrator disclosed that it had recently bought a 10.7 per cent stake in Huyck at $22.125 a share from NVF Industries.

Last year Huyck earned $9m, or $1.58 a share, on sales of $143m. Analysts have predicted a modest rise in earnings this year. Virtually all the group's profit comes from its paper clothing operations with about 57 per cent of the total derived from overseas operations, notably in the UK, West Germany, Italy, Japan, Canada, Argentina and Australia.

Bethlehem sees loss after profit downturn

By Our New York Staff

BETHLEHEM STEEL, the second largest U.S. steelmaker, yesterday reported a 58 per cent drop in second quarter profits and said it expected to post a loss in the third quarter.

Bethlehem, which is the least diversified of the major U.S. steelmakers, said that although its rate of new orders had started to show a slight improvement in July from the worst levels of the recession, the traditionally weaker demand of the third quarter would push it into the red for the first time since 1977, when Bethlehem charged massive write-offs on plant closures.

Net income for the second quarter of $43m ($103m previously) was achieved on sales of $1.64bn, down from $1.84bn in the same quater last year.

For the half year, income was $97m on sales of $3.57bn, compared with profits of $162m on sales of $3.57bn the year before.

Mr. Donald Trautlein, the company's recently installed chairman, said Bethlehem hoped to show a modest profit for the whole of the year.

General Re up by 18%

By Our New York Staff

GENERAL REINSURANCE, the largest U.S. reinsurance company, reported a steady increase in earnings for the second quarter. Profits, excluding securities transactions, were $38m, or $1.74 a share, up 18 per cent on last year's $32m, or $1.48.

This brought six-month earnings to $72m, or $3.30 a share, an increase of 16 per cent on the $62m, or $2.85, last year, indicating that General Re has managed to sustain its performance despite the current weakness of the reinsurance market.

The second-quarter figures include $830,000 in interest charges connected with General Re's recent purchase of the Trident group of the UK. However Trident's earnings will not be included until the next quarter.

INTERNATIONAL CAPITAL MARKETS

U.S move casts shadow on Bolivian debt renegotiation

BY PETER MONTAGNON

SIGNING OF the agreement between Bolivia and international banks to extend this year's remaining debt maturities has been delayed. Originally planned for August 1, it has had to be postponed for some weeks, officially because of the amount of administrative work involved.

Bankers close to the agreement denied suggestions in Euromarket circles that the move was connected to the U.S. decision over the weekend to halt economic aid to Bolivia because of the recent military coup.

They said the true reason for the delay is to allow more time for accurate compilation of Bolivia's debt maturing between June 30 and the end of the year —the period covered by the extension agreement.

Also, banks involved in the rescheduling need time to study the agreement before signing.

But the U.S. decision to halt economic aid does cast a shadow over the second part of the debt renegotiation. This is to be a consolidation loan covering the extended 1980 maturities as well as all debt falling due in 1981.

It is due to be ready for signing by next January 5 and should be backed up by further credit from the International Monetary Fund. There is a strong feeling in some banks that the consolidation loan itself might run into political opposition from U.S. banks, while the Carter Administration's decision to halt aid might also make it harder for IMF to extend financial support.

Under terms of the extension agreement, banks will agree to extend until January 5 next year all debt maturing in the second half of 1980 for a flat renegotiation fee of ½ per cent. Bolivia will pay the original margin on these borrowings or 1¾ per cent, which ever is higher.

Despite the delay, there is little doubt that the extension agreement would be signed eventually. As one banker put it "we've got to extend because we know we can't collect the money we're owed."

● Colombia's oil concern, Ecopetrol, has awarded a mandate to three international banks to raise a $100m, ten-year Eurocredit with a margin of ⅝ per cent for the first six years and ¾ per cent thereafter. The credit carries a five-year grace period. The banks are Manufacturers Hanover, Ste Generale and Dai-Ichi Kangyo.

Concern for Danish 'bulldog'

BY OUR EUROMARKETS STAFF

THE NEW "bulldog" bond issue—a £75m foreign sterling bond—for Denmark will start trading in the market today. Although Greenwell, the broker, masterminded a complete placing for the issue on Tuesday, the opening price will not be helped by the weakening in the Gilts market and could well reflect the scepticism with which this bond has been received.

Fund managers cite four reasons why they find the issue unattractive. First, Denmark is not regarded as the best European credit.

Second, fund managers are worried that the bond will prove unmarketable when the going in the market gets tough. They doubt whether the ½ point yield advantage over gilts—provides adequate compensation for this worry.

Third, domestic Danish Government bonds denominated in krone yield much more than the sterling alternative.

Finally, the issue is subject to capital gains tax even after holding the paper for one year, unlike gilts.

Meanwhile, in the dollar sector of the Eurobond market news of a sharp rise in the U.S. leading indices came too late to affect prices but some reaction is expected today. Straight bonds yesterday shed about ½ point.

The new issue for the ECSC, largely syndicated in the Middle East, was priced at 99¾ and the coupon fixed at 11½ per cent by joint lead managers Kuwait Investment Company and Hill Samuel.

The Inter-American Development Bank's $100m Yankee bond was priced at par and carries a coupon of 10¾ per cent to yield 11.039 per cent. Goldman Sachs is the lead manager.

News of a drop in Germany's inflation rate had little effect on the DM bond market. Prices ended the day unchanged after being ½ point easier in the morning. Investors are concentrating on the timing of any Bundesbank decision to cut official interest rates.

The latest World Bank issue, a DM 200m private placement through Deutsche Bank, was fully placed by yesterday afternoon and quoted on the grey market at less ½ point bid.

The Republic of Finland is launching a SwFr 80m 10-year issue paying 5¾ per cent, priced at 99¾ per cent led by Credit Suisse.

AMERICAN QUARTERLIES

BORDEN	1980 $	1979 $
Second quarter		
Revenue	1.28bn	1.12bn
Net profits	39.69m	36.89m
Net per share	1.27	1.18
Six months		
Revenue	2.35bn	2.47bn
Net profits	70.33m	65.81m
Net per share	2.25	2.12

CADILLAC FAIRVIEW	1980 C$	1979 C$
First quarter		
Net profits	1.39m	4.95m
Net per share	†0.055	0.082

† Loss

DENTSPLY INTERNATIONAL	1980 $	1979 $
Second quarter		
Revenue	62.9m	50.1m
Net profits	78,000	3.07m
Net per share	0.02	0.68
Six months		
Revenue	126.5m	113.8m
Net profits	2.16m	4.36m
Net per share	0.48	0.97

DETROIT EDISON	1980 $	1979 $
Second quarter		
Revenue	425.5m	422.3m
Net profits	29.15m	32.73m
Net per share	0.38	0.49
Six months		
Revenue	856.8m	854.8m
Net profits	51.55m	67.35m
Net per share	0.68	1.01

FOSTER WHEELER	1980 $	1979 $
Second quarter		
Revenue	413.1m	418.5m
Net profits	14.63m	12.09m
Net per share	0.86	0.72
Six months		
Revenue	767.6m	820.9m
Net profits	26.19m	22.72m
Net per share	1.54	1.36

GLOBAL MARINE	1980 $	1979 $
Second quarter		
Revenue	52.7m	36.97m
Net profits	11.01m	3.81m
Net per share	0.82	0.42
Six months		
Net profits	19.15m	12.45m
Net per share	1.54	1.38

GOULD	1980 $	1979 $
Second quarter		
Revenue	510.4m	492.3m
Net profits	14.2m	24.2m
Net per share	0.50	0.86
Six months		
Revenue	1.1bn	979.8m
Net profits	39.5m	48.0m
Net per share	1.39	1.72

MASCO	1980 $	1979 $
Second quarter		
Revenue	188.92m	186.21m
Net profits	19.3m	19.14m
Net per share	0.76	0.73
Six months		
Revenue	394.02m	366.52m
Net profits	39.22m	37.65m
Net per share	1.54	1.44

NEW YORK TIMES	1980 $	1979 $
Second quarter		
Revenue	187.8m	165.8m
Net profits	11.03m	9.44m
Net per share	0.92	0.80
Six months		
Revenue	358.3m	310.0m
Net profits	21.86m	17.08m
Net per share	1.82	1.44

PETROLANE	1980 $	1979 $
Third quarter		
Revenue	343.2m	286.5m
Net profits	16.94m	14.02m
Net per share	0.67	0.56
Nine months		
Revenue	1.08bn	843.3m
Net profits	57.37m	46.34m
Net per share	2.27	1.85

WILLIAMS COMPANIES	1980 $	1979 $
Second quarter		
Revenue	574.5m	525.6m
Net profits	52.28m	26.72m
Net per share	1.32	0.98
Six months		
Revenue	1.05bn	947.7m
Net profits	87.4m	34.16m
Net per share	3.21	1.25

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 30

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Brit. Oxygen F. 10¼ 90	50	†90¼	90¾	−0¼	−2	12.49
CECA Cred. Rate 12 86	100	†98	99	+0¼	0	11.56
CECA 11¾ 90	50	96½	97	0	−2¾	12.19
CECA 11½ 88	100	99¼	99¾	−0⅛	−0½	11.58
Citicorp O/S Fin. 10 86	300	94⅞	95⅛	+0⅛	−0⅜	11.22
Con. Illinois O/S 8¾ 86	150	93½	94	−0⅛	−0½	11.24
Denmark 11¾ 90	100	97⅞	98⅜	−0⅛	−1	12.07
Dome Petroleum 13½ 92	50	101⅞	102⅜	−0⅛	−1⅛	13.11
EEC 11 95	75	95⅛	95⅝	−0⅛	−0⅝	11.64
EIB 11¾ 92	80	96⅛	96⅞	−0¼	−1⅛	12.29
EIB 13¾ 90	100	106	106½	−0⅛	−0⅜	12.58
Eksportfinans 11¼ 87	50	99⅛	99⅝	0	−0⅛	11.33
Eksportfinans 9⅞ 87	75	92	92½	−0⅛	−0⅛	11.16
Elec. de France 10 88	125	94½	95	−0¼	−1⅛	11.02
Export Dv. Cpn. 12⅞ 87	100	105⅝	106⅛	−0⅛	−0⅜	11.41
Export Dev. Cpn. 9⅞ 86	150	94⅝	95⅛	−0⅛	−0⅜	10.76
Federal Dev. Bk. 12⅜ 85	75	103¾	104¼	+0⅛	−0⅛	11.10
Fin. Exp. Credit 10½ 85	50	97⅛	97⅝	+0⅛	−1	11.21
Finland, Rep. of 9½ 86	100	91¼	91¾	−0⅛	−0⅜	11.61
Ford O/S Fin. 12⅞ 85	250	99⅜	99⅞	−0⅛	−0⅜	12.70
George Weston 13½ 87	30	†102	102½	−0⅛	−0⅞	12.96
GMAC O/S Fin. 11 84	100	99¼	99¾	0	−0⅜	11.11
GMAC O/S Fin. 13⅜ 85	100	105⅛	105⅞	0	−0⅛	11.71
Goodyear O/S 12½ 87	75	98⅜	98⅞	−0⅛	−0⅞	12.85
Hudson's Bay 11½ 90	75	97½	98	−0⅛	−0⅜	11.89
IBM Canada 10½ 85	50	99¼	99¾	−0⅜	−0⅜	10.63
ICI Fin. Ned. 11 85	100	100	100½	−0⅛	−0⅜	10.98
McGraw 13½ 85	75	101⅞	102⅜	−0⅛	−0⅝	12.83
Norwest Ind. 13⅜ 87	50	100⅝	101⅛	+0⅛	−0⅛	13.35
Nova Scotia 10⅜ 90	50	93⅞	94⅜	−0½	−1⅛	11.78
OKB 10 85	50	97⅞	98⅜	0	−0⅛	10.57
Pembroke Capital 9⅞ 87	180	93⅝	94⅛	+0⅛	−0⅛	10.92
Pemex 11½ 86	100	97¼	97¾	+0⅛	−0⅛	12.00
Quebec Hydro 11½ 92	100	96⅛	96⅝	−0⅛	−0⅜	12.06
Redsteel O/S 11¼ 86	100	92	92½	−0⅛	−2	13.12
Roylease Ltd. 11⅛ 85	50	100	100½	0	−0⅜	11.18
SNCF 12⅜ 85	50	104½	105	+0⅛	−0⅛	11.02
Swed. Ex. Cred. 12½ 85	40	102⅞	103⅜	−0⅛	−0⅜	11.57
US Finance BV 11 90	50	90⅜	90⅞	−0⅛	−2⅛	12.71
Unilever NV 9¾ 90	100	90⅜	90⅞	−0⅛	−0⅜	11.37
World Bank 9¾ 85	200	96⅜	96⅞	0	−0⅛	10.68
World Bank 10¼ 87	300	96⅞	97⅜	−0⅛	−0⅛	10.91

Average price changes... On day −0⅛ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Akzo 9 90	125	103	103½	−0¼	−0¼	8.49
Australia 8⅛ 90	250	103⅛	103⅝	+0⅛	+0⅛	7.59
BFCE 7¾ 87	100	99	100	−0⅛	−0⅛	7.84
BFCE 8⅛ 95	100	100⅜	101⅛	+0⅛	+0⅛	8.03
Brazil 8 87	150	93¾	94¼	+0⅛	−0⅛	8.23
Council of Eur. 7¾ 89	100	86⅝	87¼	+0⅛	+1⅛	7.75
Denmark 7⅞ 85	100	98⅞	99⅜	+0⅛	−0⅛	8.03
Denmark 8¾ 92	100	99¾	100½	+0¼	+0⅛	8.27
EEC 7⅞ 94	225	99¾	100¼	−0⅛	+0⅛	7.87
EIB 7½ 89	200	97⅞	98⅜	−0¼	+0⅜	7.80
Finland, Rep. of 8 86	150	99⅝	100⅛	+0⅛	+0⅜	7.99
Kobe, City of 7¾ 89	150	95¾	96¼	−0⅛	+0½	7.72
Kobe, City of 8 90	100	100⅞	101⅜	−0⅛	−0⅛	7.85
Mt Bk Denmark 8½ 90	150	101	101½	0	+0⅛	8.31
Norway 7½ 85	250	100	100¼	0	+0⅜	7.41
OKB 7¾ 89	100	96⅛	97	−0⅛	+0⅛	7.90
OKB 8¼ 92	150	101⅜	101⅞	+0¼	+0⅛	8.05
Oslo, City of 8¾ 90	80	102⅝	103⅜	−0⅛	0	8.27
Sweden 9¾ 87	200	107⅜	108⅛	0	0	8.18
World Bank 7¾ 91	400	99⅛	99⅝	−0⅛	+0⅞	7.83
World Bank 7⅞ 90	250	99⅞	100⅛	−0⅛	+0⅛	7.86
World Bank 10 86	150	109⅜	110⅛	0	+0⅜	7.82
World Bank 10 90	200	112⅜	113⅛	+0⅜	+0⅛	8.05

Average price changes... On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	94¾	95¼	+1½	+1½	6.25
Bergen, City of 4¾ 91	40	94¼	94⅞	−0⅜	−0⅛	6.41
Bergen, City of 6 90	50	103⅛	104⅛	−0⅛	+0⅛	5.46
BNOE 5 89	75	85⅝	86	−0⅛	+0⅜	7.21
BMW Overseas 4¾ 91	100	93	93½	−0⅛	−0⅛	5.07
Buhrm'n-Tetterode 7 90	40	106¼	106½	−0⅜	−0½	6.11
Caisse Nat. Tele. 4¾ 89	100	93⅝	94¼	−0⅛	−0⅜	5.15
Copenhagen 4½ 01	60	91	91¼	−0⅛	−0⅛	5.59
Council of Eur. 5 89	100	95⅛	95⅝	−0⅛	+0⅞	5.65
Denmark 5¾ 90	90	100½	100⅞	+0⅛	+0⅛	5.66
EIA 4½ 91	100	92¾	93¼	+0½	+1¼	5.35
EIB 4¼ 94	100	88	88½	0	0	5.80
Elec. de France 4¾ 89	100	94½	95	−1⅛	−1½	5.12
F. C. H. Hypo. Bk 8 90	90	†104	104½	+0⅜	0	5.43
GZB 4¾ 89	100	92	92¾	−0⅛	+0⅛	5.35
Hilti 4½ 91	35	93⅛	93⅜	−0¼	−0⅜	5.02
Int.-Amer. Dev. 4½ 89	100	91⅛	91⅝	−1½	−0⅜	5.73
Int.-Amer. Dev. 7 90	90	108⅛	108⅝	−0⅛	−0⅛	6.09
Jutland Tele. 5½ 90	50	100⅛	100⅝	−0⅜	−0½	5.43
Malaysia 5 89	80	89	89½	+0½	+0⅜	6.59
Nawag 5¾ 90	80	102¼	102½	−0⅛	+0⅛	5.43
Nippon Tel. & T. 4½ 80	100	95	95¼	+0⅛	+0⅜	4.92
Nordic Bank 5 89	45	97⅜	98⅛	−0⅛	−1⅛	5.29
Norges Komm. 4⅞ 91	100	92¼	92⅝	+0⅛	−0⅛	5.29
OKB 4¾ 91	100	91⅝	92⅛	+0⅛	−0⅜	5.84
OKB 6 90	100	103	103⅜	−0⅛	−0⅜	5.57
Oslo, City of 4¾ 91	100	90⅛	90⅝	−0⅛	0	5.85
Sekisui Pre. Hms. 8 90	80	102⅞	103⅛	0	+0⅜	5.80
Shikoku El. Pwr. 4¾ 89	100	96	96½	−0⅛	0	5.28
World Bank 4⅞ 89	100	96½	97	0	+1	5.08
World Bank 4⅞ 89	150	92⅜	92¾	0	+0⅜	5.47
World Bank 4⅞ 91	100	92½	93	−0⅛	−0⅛	5.50

Average price changes .. On day −0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	91⅞	93¼	0	−0⅛	8.37
Australia 6½ 88	20	87⅞	88¼	0	−0⅛	8.72
EIB 7⅜ 89	12	95⅝	97⅛	0	−0⅜	8.33
Finland 5.6 83	10	91¾	92¼	+0⅛	−0⅜	8.62
Finland 6.8 88	10	88⅞	89¼	0	+0⅛	8.90
Finland, Rep. of 8¼ 87	15	96⅝	97⅜	0	−0⅛	8.97

Average price changes... On day 0 on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¼ 86 C$	60	95⅛	95⅝	−0⅛	−0⅜	11.80
CIBC 13½ 85 C$	50	102¾	103¼	−0⅛	−0⅞	12.59
CIBC 11½ 85 C$	60	97¼	97¾	−0⅛	−1⅛	12.19
Federal Dev. 11½ 90 C$	60	96⅛	96⅝	0	−1	12.21
Fst. Can. Inv. 10 84 C$	50	92¾	93¼	−0⅛	−1⅛	12.39
GMAC 12 85 C$	50	†98⅛	98⅞	0	−1	12.41
R. Bk. Canada 10 86 C$	40	93⅞	94⅜	−0⅛	−0⅞	11.42
Tordom Cpn. 13½ 85 C$	30	102⅛	103⅛	−0⅛	−0⅛	12.63
M. Bk. Dnmk. 9 91 EUA	25	93½	94½	−0⅛	0	9.89
SOFTE 8¼ 89 EUA	40	87¾	89¼	−0⅛	+0⅛	10.30
U. Bk. Nrwy. 9½ 90 EUA	18	98⅜	99⅜	0	+0⅛	9.71
Algemene Bk. 8¼ 84 Fl	75	96⅝	97⅛	−0⅛	+0⅛	9.18
Algemene Bk. 10⅜ 87 Fl	400	101⅞	102⅜	−0⅛	+0⅛	9.81
Bk. Mees & H. 10 85 Fl	75	100⅞	101⅜	−0⅜	+0½	9.71
Heineken NV 10 87 Fl	75	101⅜	101⅞	+0⅛	+0⅜	8.66
Ned. Gasunie 8¾ 84 Fl	50	100⅜	100⅞	0	+0⅛	8.55
Norway 8¾ 84 Fl	100	96⅞	97⅜	0	+0⅛	9.09
Philips Lamps 8¾ 84 Fl	75	96⅞	97⅜	−0⅛	−0⅛	9.23
Air France 11 84 FFr	120	†96¾	97¼	−0⅛	+0⅛	12.03
CECA 14¼ 86 FFr	150	†107	108	0	+0⅛	12.29
Euratom 9¾ 87 FFr	150	85	86	0	−0⅜	13.07
Finland 11 84 FFr	80	†95⅝	96⅝	−0⅛	+0⅛	12.32
Finland 11½ 89 FFr	70	†93¼	94¼	−0⅛	+0⅛	12.67
Gaz de France 11 84 FFr	150	95½	96⅛	+0⅛	+0⅜	12.22
IBM France 11⅞ 84 FFr	120	†98	99	0	+0⅛	12.28
Renault 9¾ 85 FFr	100	87⅛	88⅛	+0⅞	+0⅞	13.32
Saint-Gobain 9¾ 86 FFr	130	86⅞	87⅞	0	0	13.17
Solvay et Cie 9⅞ 87 FFr	125	84⅜	85⅜	+0½	+0⅛	13.20
Beneficial Fin. 14⅛ 90 £	20	101⅝	102½	−0⅛	−0⅜	13.86
Citicorp O/S 13½ 90 £	50	101⅛	101⅝	−0⅜	−0⅛	13.20
EIA 11½ 91 £	25	94⅜	94⅞	−1½	−1⅞	12.46
Fin. for Ind. 12½ 89 £	30	98⅜	99⅛	−0⅛	−0½	12.68
Fin. for Ind. 14½ 88 £	20	104⅛	104⅞	−0⅛	−0⅛	13.47
Gen. Elec. Co. 12½ 89 £	50	98⅞	99⅛	−0⅛	−0½	12.64
Swed. Ex. Cr. 15⅜ 85 £	20	105⅜	105⅞	−0⅛	−0½	13.50
Aenobres 8¾ 90 KD	7	†95⅝	95⅞	0	0	8.93
CCCE 8¾ 91 KD	10	†93½	94½	−0⅛	−0⅛	9.01
Mitsubishi 7½ 84 KD	10	†94¾	95	−0⅛	−0⅛	9.18
Sonatrach 8¾ 90 KD	12	†94¾	95	−0⅛	−0⅛	9.36
Akzo 9¾ 87 LuxFr	500	95	98	−0⅛	+0⅛	10.14
Euratom 8 87 LuxFr	500	89⅞	90⅞	−0⅛	+0⅛	10.09
Euratom 8¾ 88 LuxFr	500	98⅞	99⅞	+0½	−0⅛	9.97
EIB 9¾ 88 LuxFr	600	98⅛	99⅛	−0⅞	+0⅛	10.00
Volvo 9¾ 87 LuxFr	500	96⅛	97⅛	−0⅛	+0⅛	10.41

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	98⅛	98½	2/1	10.44	10.60
Bank of Ireland 5¾ 89	‡0¼	97½	98¼	21/8	11.61	12.05
Bank of Tokyo 5¾ 89	‡0⅛	87	97½	25/10	15.56	17.03
Barclays O/S Inv. 5 90	0¼	97¾	98¼	13/12	9⅝	9.82
Bergen Bk. A/S 8 89	‡0¼	87	97½	29/8	10	10.28
Bilbao Int. NV 5¾ 90	0¼	96¼	97⅜	29/11	10.06	10.35
Citicorp O/S F. 83	§‡0	99	99½	23/9	10.18	10.26
Citicorp O/S F. 84	‡0	98⅜	98⅞	30/7	9.69	9.82
C. Itoh 5¾ 87	0¼	99½	100	18/9	19.44	18.49
Co-operative Bk. 5 86	0¼	98⅛	98⅜	15/11	11.44	11.63
Creditanstalt 5½ 91	§‡0¼	97⅛	97⅝	14/9	8.44	9.69
CNT 5¼ 86	§0¼	100⅜	101⅛	18/10	18⅛	17.95
GZB 5½ 89	‡0¼	98	98½	1/8	15⅛	15.52
Jugobanka 8 89	0⅛	90⅛	92¼	23/11	11⅝	12.74
Ind Bank Japan 5¾ 87	0¼	99⅞	100⅜	15/10	18⅞	18.73
Lloyds Eurofin 8 90	0⅞	97¼	97¾	3/1	15¾	18.15
LTCB Japan 5¾ 88	0¼	98½	99	13/12	9⅝	8.75
LTCB Japan 5½ 89	0¼	98⅛	98⅝	7/12	10⅛	10.28
Mfrs. Han. O/S 5¾ 94	‡0⅛	97½	97⅞	31/8	8⅞	10.12
Midland Intl. Fin. 5 89	0¼	99	99½	20/12	9½	8.57
Midland Intl. Fin. 5¾ 92	0¼	98⅜	98⅞	5/12	10⅞	11.03
Nacional Fin. 6¾ 86	0½	87⅞	98⅜	25/1	9.69	8.87
Nat. West. 5¾ 94	§0¼	99⅞	100⅜	11/10	18⅝	18.60
Nippon Credit 6½ 86	0¼	97⅜	97⅞	12/1	9.56	9.90
Nippon Credit 5¾ 87	‡0¼	97¾	98¼	8/9	14⅛	14.67
Royal Bk. Scot. 5¾ 94	§‡0¼	98⅛	98⅝	31/10	9.31	9.47
Soc. C. de Bque. 6½ 87	0¼	100¼	100¾	3/10	20.06	19.99
Standard Chart. 5¾ 90	0¼	100⅛	100⅝	6/9	17⅛	17.19
Svenska Hndlsbk. 5 87	0¼	98½	99	15/1	10	10.13
Sweden 8¾ 91	‡0¼	*†96⅛	96⅝	18/10	18⅝	19.30
Williams & Glyn 5¾ 91	0⅛	99⅝	100⅛	14/9	18½	18.50
Bq. E. d'Alg. 4¾ 89 SF	0⅛	90¼	91½	18/12	6⅛	6.72

Average price changes... day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	145	†124½	125½	−1⅛	−4.47
Ajinomoto 7¾ 95	2/80	615.8	107⅜	108¼	+0¼	−3.89
Alco Int. Fin. 9½ 94	1/80	40	†96	96½	0	27.27
Apache I. Fin. 8¾ 95	12/80	21.12	114⅜	115⅜	+2	−0.04
Asahi Optical 7 94	11/79	526.1	91½	92	+1¼	−2.90
Blocker Energy 8¾ 95	1/81	21.87	†98	98½	+0¼	79.40
Canon 6¾ 94	8/79	570	101	101½	+0⅛	−0.85
Credit Suisse 4¾ 93	10/79	*278	108⅛	109½	−0⅜	−2.27
Diesel Inc. 9½ 94	11/79	927.3	97⅛	97⅝	+0¼	23.84
DDKK 11 90	4/80	324	106⅛	106⅝	0	2.79
Dynalectron 9½ 95	6/80	12.22	107⅛	108⅜	−0½	4.25
Ensearch Fin. 9½ 94	7/80	30.25	128⅛	128⅜	+1	0.00
Meidensha Elec. 7 94	12/79	210	97½	98½	+0⅛	10.58
Mitsubishi Co. 6½ 94	10/79	549.1	†118½	120	+1½	1.80
Nippon Seiko 7¾ 94	12/79	339	†103⅜	104⅜	−1	−0.22
Toshiba Cpn. 7¾ 94	10/79	198	94⅜	94⅞	+0⅛	1.12
Union Bk. Switz. 5 89	2/80	121.4	98½	99½	+0⅛	4.44
Fujitsu 5 84 DM	7/79	475	102⅛	102⅞	+0⅛	4.36
Kansai Elec. 4 94 DM	4/79	1210	97½	98½	+0⅛	42.15
Sharp Cpn. 6½ 88 DM	9/80	595	100⅛	101⅛	+0⅛	12.24
Uny Co. 6½ 98 DM	11/79	1071	97⅛	98⅛	+0⅞	28.65

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Higher first-half business volume at Credit Suisse

BY JOHN WICKS IN ZURICH

CREDIT SUISSE, the last of the big three Swiss banks to unveil its interim progress report, bas bad a successful start to the year and expects gratifying results for 1980 as a wbole.

Tha profits situation to date is described as good with the bank experiencing high business volume in all areas coupled with a further rise in client numbers, both at home and abroad.

Credit Suisse's business experience mirrors that of its two main rivals. Swiss Bank Corporation reported "good" first balf operating profits, while Union Bank of Switzerland had "generally higher" second quarter earnings.

For calendar 1979 Credit Suisse's net profits rose by 12 per cent to SwFr247m ($153.4m) after a 16 per cent increase in the balance sheet total to a record SwFr 55.23bn. By mid-1980 the bank's balance sheet sum had expanded further to SwFr 58.6bn ($36.39bn) despite a second-quarter drop of SwFr 1.8bn caused by exchange rate conditions and a fall in inter-bank business.

Also in the first balf, the amonnt due to customers was higher by some SwFr 2.2bn and the loans total increased by about the same amount. At the end of June, loans outstanding topped SwFr 30bn for the first time ever.

Meanwhile, Swiss Volksbank of Berne, reports a balance sheet total at mid-year of SwFr 16.96bn ($10.53bn). This compares with SwFr 15.21bn at the end of 1979 and SwFr 16.51bn as of March 31.

The bank said interest rate margins narrowed further in the second quarter after a continued decline in saving deposits, which had to be replaced by medinm-term notes carrying a considerably higher interest rate.

However, earnings from business not being reflected in the balance sheet total, such as deposit banking, were "satisfactory and above the year-ago level."

Chemicals lift French coal group

BY TERRY DODSWORTH IN PARIS

THE FAVOURABLE impact of rising energy prices on France's hard pressed coal industry was illustrated yesterday in figures sbowing that Charbonnages de France, the State owned coal producer, had made its first profit for six years.

Tha group's FFr 60m ($15m) consolidated income was realised, however, after taking into account almost FFr 4bn of subsidies. Some FFr 2bn of this was handed out a compensation payment in line with its contract with tha State, and tbe other FFr 2bn in exceptional Items.

Turnover rose to FFr 18.8bn, of which FFr 4.5bn was made overseas, compared with FFr 14.5bn in 1978. Some FFr 10bn of these sales came from CdF Chimie, its chemicals subsidiary, the first time that the cbamicals group has been able to outperform Charbonnage in terms of sales. Parent company profits amounted to FFr 43m, compared with FFr 80m in 1978.

Charbonnage says that it owed the improvement ln its results to the higher prices at which it was able to sell coal to Electricite de France, the public electricity utility. But the company also succeeded in raising productivity sligntly last year after the departure of 5,200 workers. Total employment by the end of 1979 amounted to 64,000.

Despite these encouraging results, the overall output of the Frencb mines fell last year by 5.3 per cent to 20.1m tonnes. This decline was in line with the trend in the French industry which remained fundamentally uncompetitive on the world market.

Because of these difficulties and the Government policy stepping np coal use in industry to replace oil, imports are rising rapidly. Last year supplies from overseas amounted to almost 20m tonnes, a rise of 17 per cent.

Recovery seen at Alfa Romeo

MILAN — Alfa Romeo told the annual assembly that a turnaround should be achieved by 1934.

The chairman of the state-controlled car maker told the assembly the company loss for 1979 narrowed to L54.9bn from L83.78bn, while turnover rose 18.54 per cent to L1,390bn. Output declined to 207,600 in 1979 from 219,500.

In the first half of 1980 Alfa Romeo sales amounted to 117,300 cars against 117,800.
AP-DJ.

Uddeholm expects growth

BY WESTERLY CHRISTNER IN STOCKHOLM

UDDEHOLM, the Swedish special steel and power generating gronp, expects an improved result for this year compared with 1979, according to its first half year report—despite an estimated Skr 30m ($7.3m) cost from tbe lahour disroption in May and June.

However, increased price competition and an expected general economic downturn are expected to influence the group's result for the remaining half.

Group sales for the first six months of 1979 were SKr 1.8bn, a 16 per cent increase compared with the same period last year. Included in that emount was invoicing for group steel activities, wbich reached SKr 1.67bn, ahead by SKr 225.6m.

Although no gross profit figure was given for the period, Uddeholm bad reported a SKr 82m profit after financial income and costs for the first quarter from January to April. This represented a SKr 63m improvement over the same period in 1979.

Nissan Motor lifts group profit by 171%

By Charles Smith in Tokyo

NISSAN MOTOR COMPANY, Japan's second largest car manufacturer, has announced consolidated sales of Y3,304bn ($14.6bn) for the 12 months to Marcb 31, up 24.4 per cent from a year earlier. Sales exceeded Y3,000bn for the first time.

Nissan also achieved a spectacular 171 per cent increase in its operating profits to Y230.3bn ($1bn). Net profits were up 58.8 per cent to Y106.1bn.

The company's sales increased 15 per cent in volume terms to 2.26m units during the 12 months. Profitability was enbanced by the depreciation of the yen which gave it larger than expected earnings from its overseas sales. In the current year the company expects a further increase in sales.

Nissan's results include 44 consolidated subaidiaries and 23 affiliates reported on an equity basis. Among the subsidiaries are two Australian companies, and one each in the U.S., Canada and Mexico. Nissan, the maker of Datsun cars, in May announced an increase of 52 per cent to Y183bn in operating profits for 1979-80, on a parent company basis, together with a gain of 33.6 per cent to Y87.46bn in net profit at this level, on a sales rise of 18.7 per cent to Y2,738.9bn.

Higher prices raise income at Nippon Oil

By Yoko Shibata in Tokyo

EARNINGS of Nippon Oil, Japan's largest oil company, and its six consolidated subsidiaries rose strongly in the year to March 31, helped by higher prices for oil products. The company has a refining tie-up with Caltex, a partnership of Texaco and Standard Oil of California.

Nippon Oil's consolidated net profits soared by 172.6 per cent to Y22.66bn ($100m) on sales 60 per cent higher at Y3,114 ($13.7bn). The company's consolidated net profits were 103 per cent higber than the non-consolidated net profits of Y11.16bn. Per share profits rose to Y35.51 from Y14.33 a year earlier.

The upsurge of sales was mostly the result of the bigher oil prices. The company refined oil product prices seven times higher during tbe year and increased sales of products with bigber profits margins such as petrol and light and heavy oil.

Bandar Raya land purchase

By Wong Sulong in Kuala Lumpur

BANDAR RAYA Developments, a property development company actively traded on the Kuala Lumpur stock exchange, has announced the purchase of 34 acres of prime commercial property in Malacca State in a deal worth 25m ringgit ($11.68m).

The company is to pay 11.8m ringgit in cash and issue 6m new Bandar Raya shares to the two vendors.

The company said approval has been received from the authorities for the building of 248 shophouses and 10 commercial complexes on the land.

Sir Yue-kong Pao changes his flagship

BY PHILIP BOWRING IN HONG KONG

SIR YUE-KONG PAO, the shipping magnate, is changing his flagship. In anotber reshuffle of interests between Sir Yue-kong's private and public companies, it has been announced that World International (Holdings) is to acquire from Pao family interests a 45 per cent stake in Eastern Asia Navigation. The casb deal involves 86.58m sbares at HK$6.20 each, making a total consideration of HK$536m (U.S.$110m).

Hitherto, Eastern Asia Navigation has been the largest quoted part of Sir Yue-kong's world-wide shipping empire. But tbis acquisition by World International, which is also a listed company, coming on top of recent purcbases of Pao group ships and 30 per cent of tbe Hongkong and Kowloon Wharf and Godown Company will make it somewbat the larger in terms of earnings, and very much the larger in terms of assets.

The deal also means that there has been a reversal of World International's recent swing away from being strictly a shipping concern, towards asset-growth rather than earnings-based investment. It remains to be seen, however, whetber World also acquires the 19 per cent of the Wharf that Pao interests acquired last montb in the dramatic HK$2bn (over US$400m) raid that gave Sir Yue-kong a 49 per cent grip on the land-rich Wharf company.

World International bas acquired the Eastern Asia shares at only a small disconnt on the market, but at a price earnings ratio of only six. By contrast, last month Pao paid 59 times earnings for the additional 19 per cent of Wharf. Wharf shares are now 25 per cent below this peak price.

Until April, World International Holdings) was very much Eastern Asia's small brother. Then it announced it was acquiring 28.5m shares (approaching 30 per cent) in Wharf from Pao group interests, at HK$55 a share, and Wharf warrants, for a total consideration of HK$1.57bn, mostly satisfied by the issue of World International shares to Pao companies.

World also acquired six sbips from Pao companies with a net value of HK$320m for a mixture of shares and cash. To finance the cash parts of the deals, World made a rights issue to raise HK$225m.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	22.7.80	29.7.80	AVERAGE YIELD	22.7.80	29.7.80
DM Bonds	96.96	97.33	DM Bonds	8.203	8.137
HFL Bonds & Notes	95.06	95.54	HFL Bonds & Notes	9.610	9.537
U.S. $ Strt. Bonds	92.36	92.35	U.S. $ Strt. Bonds	10.784	10.788
Can. Dollar Bonds	94.12	94.01	Can. Dollar Bonds	11.256	11.289

WORLD STOCK MARKETS

Early fresh Dow rise of 3.8

MAJOR OILS were hit by profit-taking yesterday morning, but Wall Street stocks in general gained further ground in extremely heavy early dealings.

The Dow Jones Industrial Average put on 3.76 to 935.67 at 1 pm, a new three-year high, while the NYSE All Common Index added 12 cents at $70.11 and advances led falls by a seven-to-four margin. A total of 41.93m shares had changed hands by 1 pm, well above the mid-session total for Tuesday of 30.86m.

"There is a continuing uptrend with buying going from one group to another," an analyst said. "The decline in Oils was not unexpected."

Oil companies have high inventories and analysts have been expecting some slowdown in the pace of their profits growth as the recession and conservation reduce demand.

Among Oils, Texaco lost 1½ to $36¾, Gulf Oil $1 to $41⅛, Phillips Petroleum 2¾ to $42⅞, Exxon 1⅜ to $70¾, Union Oil 2¼ to $58¾ and Mobil $2 to $75⅝.

Superior Oil, which reported higher second-quarter profits but lower average production of crude oil and natural gas, were down 5¼ at $165 after trading as low as $162½.

Gold stocks were also lower, reflecting the decline in the London Bullion price. Campbell Red Lake receded $2 to $56, Homestake 2½ to $65¾ and Asa $1 to $53¼.

Technology and Computer-related issues moved higher with the general market. Digital Equipment advanced 1⅜ to $81¼, Texas Instruments 1⅜ to $110 and Minnesota Mining 1⅞ to $58⅞, while IBM and Honeywell were up fractions.

General Motors put on ⅞ to $52⅛ and Ford ¼ to $27.

THE AMERICAN SE Market Value Index was up 1.21 at 318.49 at 1 p.m. on volume of 4.44m shares.

Closing prices for North America were not available for this edition.

Canada

Markets mainly continued to improve yesterday morning, with the Toronto Composite index climbing 10.2 further to a record 2,217.1 at mid-session. However, Golds receded 51.3 to 4,907.5 on index.

Total Petroleum North America, which reported sharply higher earnings, gained ⅛ to C$28¼.

Hong Kong

After consolidating its position on Tuesday, the market showed renewed firmness yesterday in heavy two-way trading. The Hang Seng index climbed 10.62 to a new seven-year high of 1,168.74, while volume on the four exchanges increased to HK$455.86m (HK$398.76m).

The leaders saw a good deal of the business, with **Jardine Matheson** picking up 20 cents to HK$22.00 and **Hong Kong Electric** rising 15 cents to HK$7.15.

Among Properties, **Cheung Kong** advanced HK$1.10 to HK$21.00 and **Sun Hung Kai** 40 cents to HK$16.30, but **HK Wharf** shed HK$1.00 to HK$74.50.

Elsewhere, **Green Island Cement** featured strongly, climbing HK$5.50 to HK$65.00. **Eastern Asia Navigation**, however, lost 50 cents to HK$6.10 following news that **World International** had bought 45 per cent of the Eastern shares from Sir Y. P. Pao. World receded 20 cents to HK$3.60.

Germany

Shares mostly took a turn for the better, with market speculation of an encouraging half-year report from **Deutsche Bank** aiding general sentiment following the market's decline the previous day on disappointment with Commerzbank's interim statement.

Deutsche Bank moved ahead DM 6.50 to DM 283.50, while **Commerzbank**, DM 173.50, recovered DM 4.00 of Tuesday's fall of DM 7.50. **Dresdner Bank** put on DM 3 to DM 197.

KHD gained DM 5.50 in Engineerings and **Daimler Benz** DM 4 in Motors. **Hapag Lloyd** improved DM 3.50.

Stores, however, were mainly weaker, **Neckermann** falling DM 10 and **Karstadt** DM 3.

In Domestic Bond trading, prices were barely maintained, with the Bundesbank buying DM 12.1m nominal of public sector bonds, compared with sales of DM 6.8m on Tuesday.

Tokyo

The market again slipped back after an initial rise, although the major indices still showed modest gains on the day and advances on the First Market section retained a narrow lead over declines by 328 to 293.

The Nikkei-Dow Jones Average recorded a net improvement of 9.72 at 6,821.10, while there was another fair turnover of 340m shares (360m).

Real Estates and Electric Cables weakened on profit-taking, but some Constructions, Marine Products, Sugars, Steels, Cotton Spinners and Precision Instruments gained ground.

Speculatives such as **Sanai Oil, Dai Nippon Paints** and **Taito** also improved.

Taito rose Y21 to Y600, **Matsushita Electric Industrial** Y8 to Y693, **Matsui Construction** Y26 to Y254, **Sanraku** Y30 to Y565 and **Kawasaki Steel** Y3 to Y129, but **Heiwa Real Estate** lost Y20 to Y602. **Fujiya Confectionery**, Y358, relinquished Y15 of the previous day's advance of Y37, while **Dowa Mining** retreated Y18 to Y440.

Australia

Minings and Oils were mixed to lower after a small turnover, still lacking overseas support, but *Industrials* continued to show a firm bias.

Central Norseman Gold, A$11.30, lost 20 cents of Tuesday's rise of 60 cents, while elsewhere in Minings, **Kathleen Investments** declined 20 cents to A$6.40, **Leichardt** also 20 cents to A$3.30 and **Hamersley** 30 cents to A$4.10.

However, diamond exploration partners **CRA** and **Ashton Mining** rose 12 cents apiece to A$5.40 and A$2.80 respectively as traders continued to assess the Ashton joint venture's exploration settlement with the Lake Argyle Aboriginal community.

Consolidated Gold Fields, up another 20 cents at A$8.40, continued to benefit from strong profit performances by subsidiaries **Mount Lyell** and **Renison**.

Strata Oil's report on its Woodada No. 2 well continued to disappoint the market and the shares relinquished 30 cents more at A$2.20. **Woodside Petroleum** lost 8 cents to A$2.90 and **Santos** 40 cents to A$12.10, but **Moonie Oil** rose A$2 to A$30.

Oilmin put on 15 cents to A$2.75 following an encouraging report on steaming coal deposits at its Barakula prospect in Queensland.

Johannesburg

Gold shares declined in quiet trading on the weakening Bullion price. **East Driefontein** receded R1.00 to R29.75 and **Kloof** R1.25 to R38.00. **Deelkraal** were only 5 cents easier at R7.35, with news of an expected 80 per cent output cut due to fighting among workers making no impact.

Mining Financials were narrowly mixed, while Platinums eased but Coppers and Tins were firmer.

Paris

Mixed movements were recorded after very light trading.

Market participants remarked that French investors had not responded to fresh firmness on Wall Street overnight. Brokers said they had seen a slight current of selling by small investors ahead of the August vacations, adding that this was purely for liquidity reasons and did not indicate a trend.

Rises matched falls in the French section, where Banks, Foods, Quarries and Oils were on the whole preferred, but Portfolios, Hotels, Stores, Metals and Chemicals were easier-inclined.

CANADA

Stock	July 29	July 28
Abitibi	20⅜	20½
Agnico Eagle	16	16⅝
Alcan Alumn.	37	36
Algoma Steel	56	35¾
Asbestos	35½	35½
Bk Montreal	28	28¾

BELGIUM (continued)

July 30	Price Frs.	+ or −
Petrofina	4,960	−50
Royale Belge	5,730	+30
Soc Gen Banq	2,430	+10
Soc Gen Belge	1,440	−6
Sofina	3,340	−5
Solvay	2,620	−4
Traction Elect.	2,510	+5
UCB	1,500	+24

HOLLAND

July 30	Price Fls.	+ or −
ACF Holding	72.5	+0.2
Ahold	71.8xd	+0.8
AKZO	23.7	−0.3
ABN	309	−2.5
AMEV	88.3	
AMRO	66.7	−0.2
Bredero Cert.	186.6	

AUSTRALIA

July 30	Price Aust. $	+ or −
AHZ Group	4.6	−0.1
Acrow Aust	1.02	
Allstate Expl.	1.86	−0.06
Ampol Pet.	1.34	+0.04
Assoc. Pulp Pap.	1.95	
Audimco	0.28	
Aust Cons Ind.	2.10	
Aust Guarant.	1.38	−0.02

JAPAN (continued)

July 30	Price Yen	+ or −
Kubota	376	−1
Kumagai	405	+7
Kyoto Ceramic	5,180	−30
Lion	390	+8
Maeda Cons.	508	−1
Makita	1050	+10
Marubeni	392	
Marudai	608	−5
Marui	662	

Indices

NEW YORK —DOW JONES

	July 29	July 28	July 25	July 24	July 23	July 22	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
● Industr'ls	931.81	925.45	918.09	926.11	928.58	927.50	931.81 (29/7)	759.15 (21/4)	1051.70 (11/75)	41.22 (2/7/32)
H'me B'nds	72.68	72.84	72.88	72.95	75.18	76.55	76.61 (25/6)	63.87 (28/3)	—	—
Transport	310.91	304.45	305.80	308.90	309.71	312.55	315.45 (21/7)	235.69 (27/3)	315.45 (21/7/80)	12.23 (8/7/32)
Utilities	111.94	111.65	112.95	115.56	116.47	114.28	115.88 (9/7)	96.04 (27/3)	165.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	44,840	35,580	56,250	42,420	46,690	52,250	—	—	—	—

Day's high 936.16 low 921.25

Ind. div. yield %	July 18	July 11	July 4	Year ago (approx)
	5.72	5.93	5.94	5.83

STANDARD AND POORS

	July 29	July 28	July 25	July 24	July 23	July 22	1980 High	1980 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	138.68	137.51	136.64	137.80	137.95	138.07	138.68 (29/7)	111.09 (27/3)	138.68 (29/7/80)	3.52 (30/6/32)
§Composite	122.40	121.43	120.79	121.79	121.95	122.19	122.61 (21/7)	98.22 (13/3)	125.85 (11/1/73)	4.40 (1/6/32)

	July 16	July 9	July 2	Year ago (approx)
Ind. div. yield %	4.88	4.97	5.07	5.32
Ind. P/E Ratio	8.02	7.90	7.22	7.87
Long Gov. Bond Yield	10.08	10.11	10.13	8.92

N.Y.S.E. ALL COMMON

July 29	July 28	July 25	July 24	1980 High	1980 Low
68.99	68.43	68.10	69.68	70.10 (21/7)	55.30 (27/3)

Rises and Falls	July 29	July 28	July 25
Issues Traded	1,914	1,891	1,882
Rises	969	777	464
Falls	548	700	1,050
Unchanged	397	414	368
New Highs	87	50	40
New Lows	2	4	9

MONTREAL

	July 29	July 28	July 25	July 24	1980 High	1980 Low
Industrial	401.19	398.47	400.87	402.57	425.80 (29/2)	325.21 (27/3)
Combined	397.95	395.86	367.71	369.48	378.90 (29/2)	296.99 (27/3)
TORONTO Composite	2206.5	2104.1	2197.2	2204.8	2206.8 (29/7)	1782.5 (27/3)

	July 30	July 29	July 28	July 25	1980 High	1980 Low
AUSTRALIA						
Sydney All Ord. (1959-59)	915.82	919.65	917.38	914.29	947.47 (14/2)	760.00 (2/1)
Metals & Mnls (1958-58)	5777.80	5808.25	5782.54	5779.65	6680.25 (14/2)	4581.26 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	67.58	67.60	67.35	67.15	69.20 (7/1)	66.85 (23/9)
BELGIUM						
Belgian SE (31/12/63)	94.78	94.65	94.26	94.34	105.78 (17/2)	90.14 (31/6)
DENMARK						
Copenhagen SE (1/1/73)	86.78	86.78	86.86	84.78	86.74 (2/1)	74.78 (5/6)
FRANCE						
CAC General (29/12/61)	107.7	107.9	107.9	108.3	117.8 (22/2)	97.1 (3/1)
Ind Tendance (28/12/78)	110.5	111.2	110.8	111.4	111.4 (24/7)	95.6 (3/1)
GERMANY						
FAZ-Aktien (31/12/58)	254.95	255.68	254.51	255.75	258.88 (25/2)	212.75 (28/3)
Commerzbank (Dec. 1953)	758.9	758.9	758.9	759.9	749.2 (25/2)	667.0 (27/3)
HOLLAND						
ANP-CBS General (1970)	87.2	87.6	87.6	88.0	88.0 (25/7)	74.0 (27/3)
ANP-CBS Indust. (1970)	66.5	66.6	66.6	67.0	68.2 (11/1)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1168.74	1158.12	1156.62	1147.10	1168.74 (30/7)	738.9 (19/3)
ITALY						
Banca Comm. Ital (1972)	112.11	110.41	108.18	108.12	112.11 (30/7)	85.11 (2/1)
JAPAN						
Dow Average (16/5/49)	6821.10	6811.38	6816.71	6810.49	6904.81 (25/4)	6475.99 (27/3)
Tokyo New SE (4/1/68)	468.82	468.35	468.66	468.86	473.55 (25/6)	449.01 (10/3)
NORWAY						
Oslo SE (1/1/72)	125.42	125.76	122.05	125.75	144.78 (14/2)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	580.25	579.94	578.09	576.18	580.25 (30/7)	429.75 (9/1)
SOUTH AFRICA						
Gold (1958)	(u)	782.7	(u)	(u)	782.7 (29/7)	649.5 (2/7)
Industrial (1958)	(u)	981.5	(u)	(u)	981.5 (29/7)	466.0 (2/1)
SPAIN						
Madrid SE (28/12/79)	103.98	105.79	(c)	103.80	109.88 (30/7)	98.79 (15/5)
SWEDEN						
Jacobson & P. (1/1/58)	372.15	372.28	371.58	373.4	396.98 (6/2)	354.72 (17/1)
SWITZERLAND						
SwissBank Co. (31/12/58)	319.2	308.6	309.4	310.1	317.9 (11/2)	276.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	147.8	147.2	...	149.8 (21/7)	120.5 (27/3)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

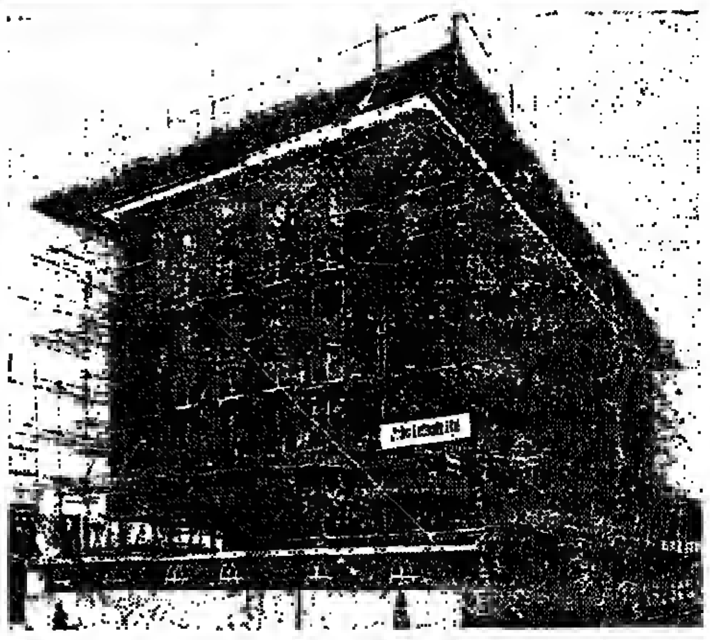
Tuesday	Stocks traded	Closing price	Change on day
Pan-Am Airwys	1,119,900	5⅞	+ ⅛
Mobil	561,400	77⅝	− ⅞
Phillips Petrlm.	552,400	44¾	−2⅛
Texaco	539,700	38	+ ⅛
Southern	426,100	12⅝	− ¼
G. O. Searle	423,000	24½	+1⅛
IBM	410,200	65½	+ ¼
Eastern Airlines	373,700	10¼	+ ⅛
Atlantic R field	338,300	46⅞	+7
Sears Roebuck	336,700	18¼	+ ⅛

FINANCIAL TIMES SURVEY

Thursday July 31 1980

Refurbishing

About £5bn will be spent in the UK this year on restoration and improvement of buildings, providing opportunities for a huge range of services and products. A complete overhaul is a relatively easy way of making modern commercial or industrial accommodation available, and a means of saving unique buildings which would otherwise be lost.



New restaurants and retail outlets are an important source of work for contractors. This building in Peckham, South London, has been completely gutted and will be fitted out as a McDonald's hamburger restaurant and offices

CONTENTS

Premium on value for money

By Lorne Barling

IT IS GENERALLY believed that at times of economic recession the one sector of the building indnstry which dnes not suffer is refurbishing and renovation, since funds which would normally be spent on new buildings are often redirected intn improving older ones.

There is evidence that this is happening now and few companies engaged in these activities appear to be short of work, notably in the City and London area generally. However, most companies—particularly the medium-sized—are experiencing tough competition on price.

Many believe this is due to the major building contractors moving their resources into this active sector of the market while there is a dearth of big construction contracts, enabling them to keep their labour force intact until total demand improves.

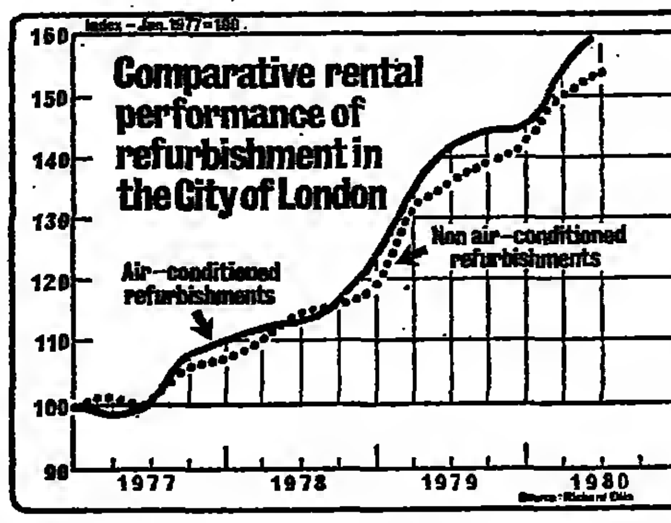
The overall concept of improving existing buildings is also enhanced during difficult times hy the need to get value for money. With inflation and high interest rates rapidly pushing up building costs, and company liquidity under pressure, a complete face-lift on an old building is a relatively easy way nf providing modern commercial or industrial accommodation.

The rapid growth nf refurbishing originated in the collapse nf the property market in 1972-73 and the consequent slowdown in speculative development; and although the present situation is different in many ways the suddenness nf the recession has created some similarities.

Companies nperating in the United Kingdom refurbishing sector can be divided into two categories: the divisions or subsidiaries of the major construction concerns such as Wimpey, Laing, Bovis and Taylor Woodrnw; and the medium to smaller companies which often specialise in a particular type of job, or work mainly in the large provincial centres. The major companies are often active in many parts of the country.

In the regions, particularly main industrial areas such as the West Midlands, demand for well refurbished industrial space beld np fairly well in the early part of the year considering the problems nf manufacturing industry, but future success depends largely nn the ability of developers to provide the type of factory that expanding companies require.

The London area, however, remains the most active and lucrative for a great variety of work, including the restoration of historic huildings, major nffice johs, sbops, restaurants, flats and hotels. One of the most active companies in London is John Lelliott, which is now carrying out its 13th joh for McDonalds, the hamburger chain, an EEC conference centre, and a bost of other contracts ranging in price up to £1.6m.



Research

The increasing importance of refurblsbing, which significantly now extends to mnre recent bulldings such as those built in the 1960s and even the early 1970s, bas also sparked off more research, notahly by the chartered surveyors Richard Ellis.

Looking at the simultaneous use of redevelopment and refurbishing during the late 1970s as a means nf creating new office space, Richard Ellis points nut that while the annnal completion rate nf refurbishments bas been far greater than that nf redevelopments, the former acconnted for ooly half the square footage of the latter.

It is also clear that the size of a development has been an important factor when premises are offered on the open market. Since 1974 the evidently preferred unit size for refurbishments has heen under 30,000 square feet, while the pattern for redevclopment completioos has shown that there is no particular unit size preference.

Since 1977, air-conditioned refurbishments have, predictably, outperformed those without it. While rents moved little during 1977, and increased by 10.6 per cent during 1978, there was a marked improvement in rental performance in 1979, with air-conditioned refurbishments increasing by 15 per cent during the first half of the year, compared witb 13 per cent for modern air-conditioned buildings.

Reacted

Richard Ellis says that these rental performances were hased on a cross-sectinn nf recordings for selected properties in varying locatioos, hence rents for some properties will have reacted more dramatically on particular occasions, shnwing increases over a three-month period of up to 18 per cent.

The levels of supply and take-up of refurbished space during 1977 and 1978 were in virtual halance, with a temporary excess of supply in the latter half of 1978, and the growth in rents was just ahead of inflation. But the beginning of last year demand began to outstrip supply and grew as the year progressed.

Rents far refurbishments are estimated to have risen by 15 per cent in the first half of the year, with the level of growth tailing off towards the latter half. In the opening months of this year rents have again risen sharply, apparently reacting to the widening deficit.

"As to the future, there seems to he fewer and fewer opportunities for major redevelopment as conservation orders are increasing within the City," Richard Ellis says. "Standards of upgrading now offer tenants prestige accommodation in favourable locations in the City and this, together with the lower asking rents recorded in our rent survey for refurbishments, will ensure that high-quality refurbishments can be offered as a realistic development alternative."

But there are numerous factors that have to he taken into account where a choice is faced between the twn alternatives. Those in favour nf refurbishment relate, in general, towards lower cost and time-saving.

Whether a refurbishment project affects only the interior of a building, or requires some external changes, the planning authority involvement is likely to he far less complicated and time-consuming than for a complete redevelopment.

On the other band, many older huildings were not designed to take modern office floor loadings, and where gutting of an interior leaves only tbe external shell of the huilding refurhishment is often more expensive than a new building of equal size. Listed bnildings often demand this solution, however.

But many older buildings, particularly in the City, have plot ratios (ratio of gross building area to area of site) well in excess of current limits despite thick external walls, and may still provide a higher net floor area than a new building.

Some recent changes in planning principles, Richard Ellis points out, can aid refurbishment. In central London in the 1950s and 1960s authnrities demanded the provision of high levels of private parking within any new scheme. Today, however, private parking in ceotral areas is actively discouraged and basement parks can sometimes he converted to more profitable office uses.

Buildings erected before 1948 eojoy a right to compensation if a local authority refuses to allow a 10 per cent addition in volume or area, which is a valuable asset when refurbishing. Buildings nf pre-war or earlier periods often have high floor-to-floor dimensions, allowing the insertion of a mezzanine floor and providing valuable additional apace.

Cheap fuel

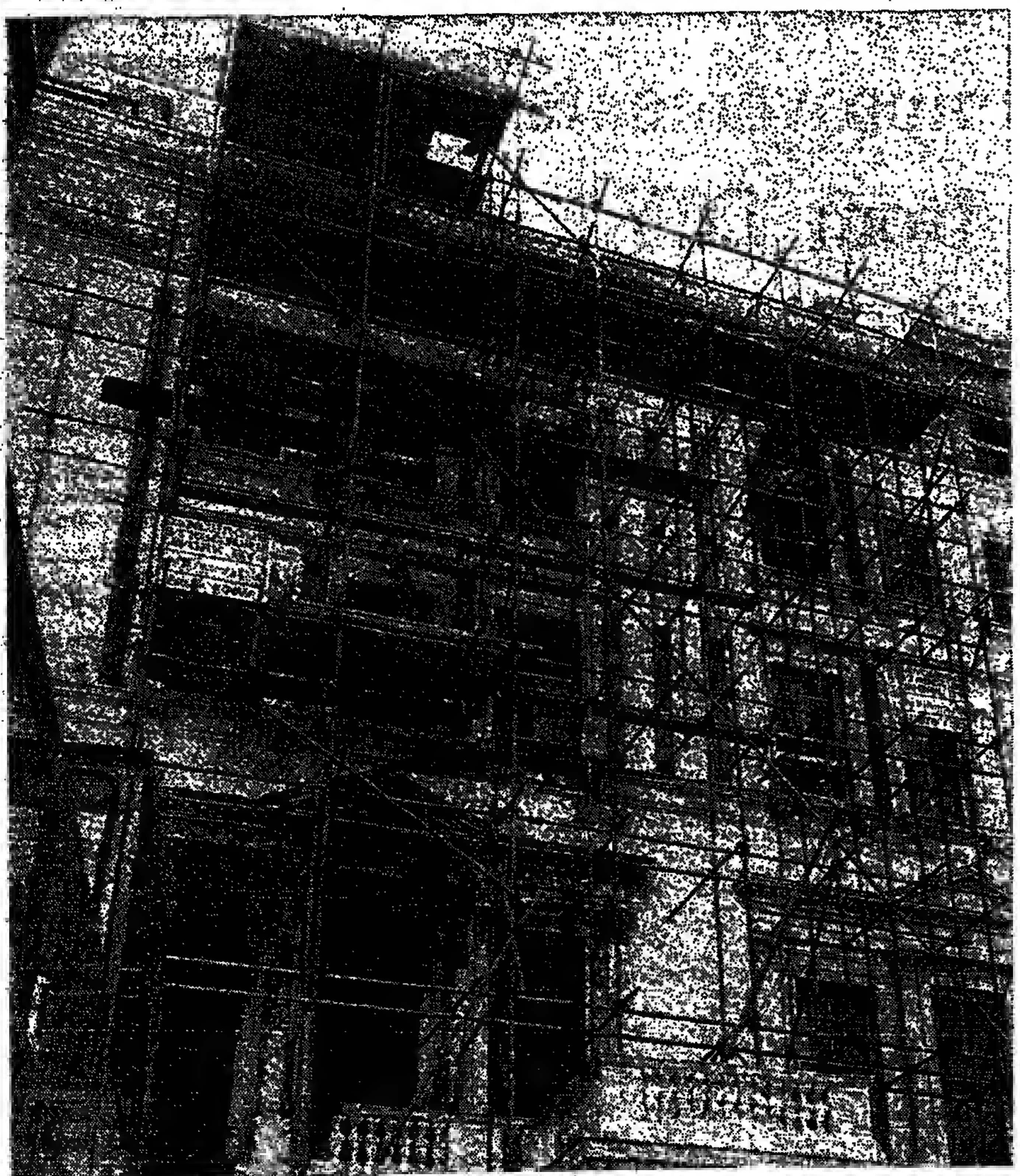
Many offices put up in the 1950s and early 1960s are now major candidates for refurbishing, since they were olten huilt to modest standards to give the developer a maximum return and bad minimal Insulation at a time of cheap fuel.

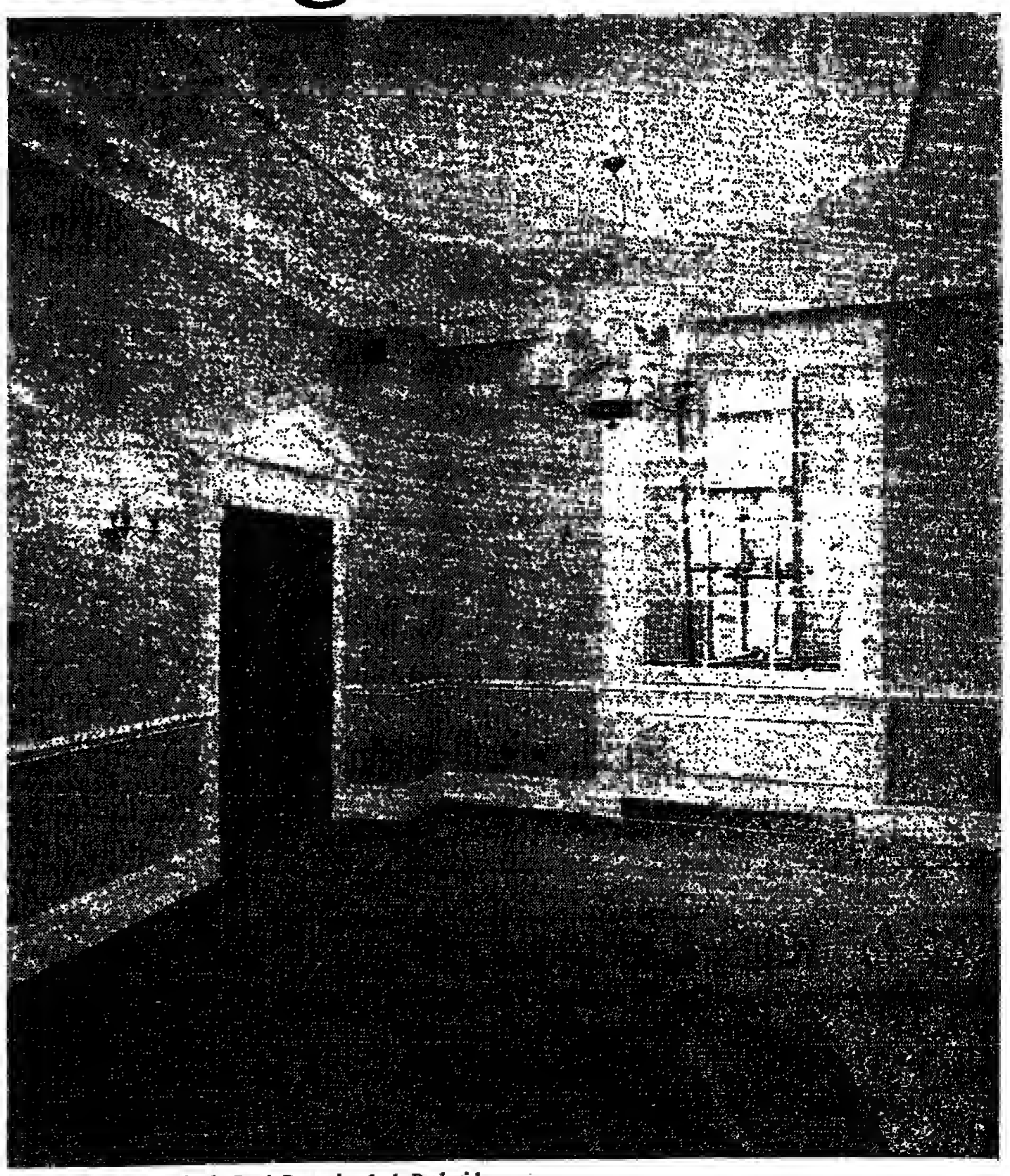
"The general distaste of tbe public and authorities to this type of huilding usually means a sympathetic reaction to proposals for external improvements and thereby a quicker and easier passage through the planning machinery," according to Richard Ellis.

On halance the case for refurbishing is particularly strong in certain circumstaoces such as those described abnve, and with imaginative planning can he highly effective, hut this ohviously is not the answer in all cases.

However, at a time when economy is of great importance aod refurbishing tecbniques constantly improving, public opinion is also moving in favour of making the best use of existing buildngs.

The bcst example of this is the great success of the scbeme for renovating and improving the historic central market hall in Covent Garden to provide London's newest and most attractive shopping precioct, which has had wide acclaim.





REFURBISHING II

Liaison the key to success

THOSE INVOLVED in the refurbishing of offices, whether as an alternative to new building or redevelopment, are often faced with a few surprises in relation to costs. Although the option they have taken may be the least expensive, it seldom turns out to be cheap.

However, many companies which specialise in refurbishment work urge their clieots not to cut corners on spending because lt is often a false economy. The cost of refurbishment usually ranges from around £30 a sq ft to as much as £100 on specialised work.

A good overall guide to refurbishment costs bas come from E. C. Harris & Partners, chartered quantity surveyors, who point out that in a new building about 35 per cent of the cost is oo fouodatioos and structure. 20 per cent on ioternal sub-divisions and finisbes. 35 per cent oo services and 10 per ceot on ancillary works such as drains.

As a perceotage of new building costs, the comparative figures for refurbishment are: foundatioos aod structure 5 per cent, internal sub-divisions and finisbes, 15 per cent, services 35 per cent, and a 10 per cent refurbishment on-cost, amounting to a total of 60 per cent of new build costs.

Mr. Douglas Pritchard, senior partner of E. C. Harris, said: "Generally speaking, clients are inclined to be surprised at the relatively high costs involved in refurbishment and renovation.

"When a building is refurbisbed, there is often a re-distribution of space, considerable work to finishes and decor, and almost certainly the complete modernisation of services. To produce viable economic solutioos to refurbishment projects, it is essential to avoid interfereoce with the structure of the building where possible."

But lt is the nature of refurbishing work wbich tends to make it expensive. Unlike new buildings, wbere work is tackled in ao orderly aequeoce, with materials flowing on to the site according to a pre-arranged plao, refurbishment procedures must differ according to the type of job.

Often tbe work is carried out while offices are partially occupied, with limited storage space for materials, poor crane or lifting facilities and much of the work having to be done in an illogical sequence.

The key to successful refurbishment work is close liaison betweeo the architects and planners, and an experienced contractor who has a labour force of skilled meo. Refurbishment is generally more labour intensive than new building, and shortages of qualified men are often a problem.

Electrical and heating work usually accounts for 18 to 30 per cent of the cost of refurbishment, and clients are usually urged to go for completely new systems, where oecessary, rather than incur later expense by having to replace old cable or radiators.

Another additional cost is often created by tbe need to match up existing fittlngs, such as joinery and windows, or the need to lnstal high-quality double glazing and other insulation. On the other hand, this ls usually more than recovered hy savings on heatlng, or in the rent which can be charged subsequently.

One contractor, Miller Buckley, firmly belleves that good-quality work pays for itself ln the respect lt commands from office employees using lt. "If work is hadly done, no one cares whether it deteriorates, whereas good workmanship somehow tends to remain ln good condition," the company suggests.

It adds that refurbishment generally requires a lot of management expertise, combined with specialist skills. "For example, a commercial or industrial contract may require full production to be maintained in the building while introducing new facilities or converting.

"Such an operation calls for expertise which is not geoerally available within a construction company whose workload is predominantly green field projects," it aaid.

Mr. Brian Hill, managing director of Higgs and Hill, one of the leading national contractors, believes that although materials prices are increasing at the rate of 1¼ to 1½ per cent a month, refurbishment is extremely worthwbile as long as projects are carried out quickly. Like others, be suggests that sbortages of materials and the delays they can cause are an increasingly serious prohlem.

Delays

"Early involvement of the contractor in refurbishmeot jobs is essential. The main contractor also has an important part to play in co-ordinating pre-design and pre-planning so that everything runs smoothly," Mr. Hill said.

Another problem inherent in refurbishment work is that workmen are often likely to run into unexpected problems, sucb as a structural weakness revealed hy the removal of materials, and delays cao result. However, a competent foreman wbo is able to take decisions quickly or get advice can save a great deal in lost time.

External restoration work, particularly on buildings of historical or prestige value, tends to he an even more specialised field than most internal work. In the London area there are about half-a-dozeo larger companies which specialise in this activity, among them the long-established concern Szerelmey, the London Stone Cleaning Company, Peter Cox and Stoneguard.

Most companies employ recognised methods of exterior cleaning which include the waterspray system which softens grime and enables it to be hrushed away; air hlast cleaning, where an ahrasive material is blown uoder pressure on to the stone surface and grime is scoured away; mechanical cleaning, using grinding and buffing discs; chemical cleaning, where special chemicals are applied to the fabric and then washed off to prevent the formation of soluble salts.

Szerelmey has undertaken numerous prestige jobs on buildings such as the Honses of Parliament, emhassies, churches and recently the Bank of England, which set off a chain reaction of restoration work on a large number of banks. The company points out that this is a common occurence, since tbe improved appearance of a building will prompt nearby owners to clean and restore theirs.

Other sectors of the industry which have experienced varying fortunes are large-scale rehabilitation schemes, usually involving housing estates, and industrial refurbishment.

Rehabilitation schemes, usually run by local authorities in an effort to save and restore older honaing stock rather than demolish and rehuild, continues to suffer from curbs on public spending and, where it does go ahead, from the hureaucratic controls which are imposed on contractors. Nevertheless some authorities take the view that some of their limited resources can best be spent in this way and are doing so successfully.

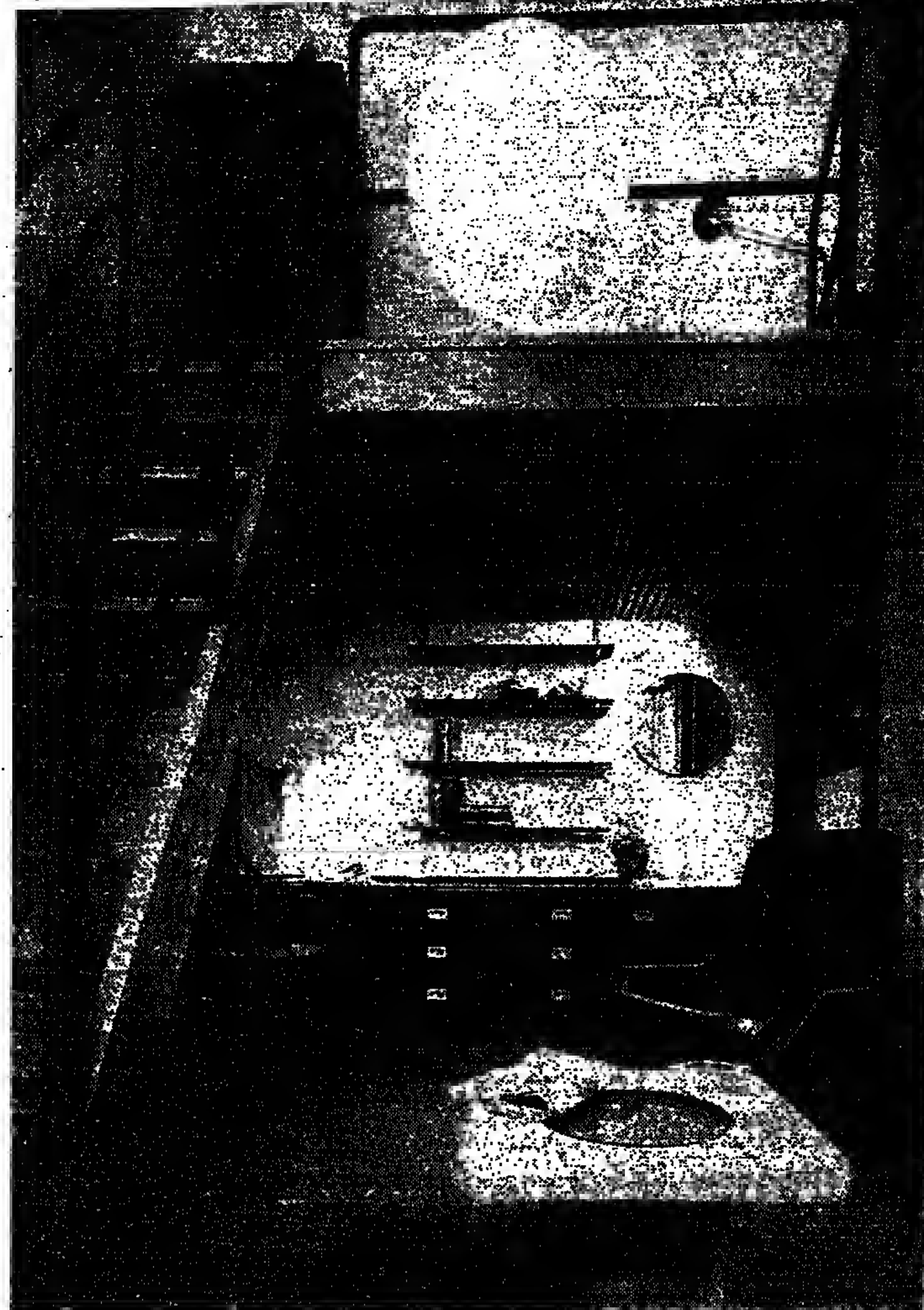
Resources

Factory rehahilitation, for which there is enormous scope in the Midlands and the north, has also suffered, particularly in the past few months, from the deepening effects of recession. Under these conditions few companies appear to be prepared to use limited resources for this purpose.

Overall, the costs [illegible] in the improvement of buildings, either through complete refurbishment, exterior cleaning or maintenance, are generally regarded to be a satisfactory investment if they are kept within reasonable bounds through fast, good-quality workmanship under the control of experienced contractors and professionals.

The rewards to those who own the buildings vary between higher rental returns, perhaps over a long period of time if high-quality work has been achieved, and improved working conditions and prestige for companies which occupy their own buildings.

Lorne Barling



One of 12 new bed-sitting rooms for doctors which were created from the former gloomy quarters at Leeds General Infirmary. The DoE listed building was designed by Sir George Scott in the 1860s and the renovation has made use of its best architectural features

Home improvements stem from DIY

THE MARKET for home improvement products has been ooe of the fastest growiog sectors of retail trade in the past few years. But after attracting a host of new companies it is now suffering as a result of the recession, which makes it a less attractive proposition io the short term.

However, desplte some price-cutting aod coosequeotly reduced margins for many companies, tbe problems are expected to be relatively short-lived. Major companies in the field are cootinuing to expand their national oetworks of retail outlets.

According to the annual review of the market by stockbrokers Earosbaw, Haes and Sons, retail sales in this sector amounted to £1.8bn last year, a 25 per ceot increase over the previous year, and roughly three times the level of 1973. One projection puts tbe size of the market by 1984 at £4.5bn.

"This year's performance will contiouc to outpace inflation io price terms, but against a background of weaker demand, volume growth will be minimal and wholly dependent upon new store openings," the survey suggests.

Figures oo the DIY product market, compiled by Euromooitor Publications, show that growth has been fairly evenly spread across the product range, although home-decorating materials, such as paints, wall coverings and adhesives, have been slightly slower than others. The fastest selling products have been heating and insulation materials, plumhing fittings and accessories, furniture, wood and wood products and tools and equipment.

One of the major growth factors in the DIY market is seen as the squeeze on disposable incomes in the middle-income bracket, and higher labour costs for home improvement jobs, which bas increasingly led to people regarding home improvement both as an investment and an enhancement of their life style.

These bome owners have increased their confidence and skills and are thus encouraging to take on jobs which require an ever-widening range of equipment. Black and Decker, for example, is moving away from attachments to basic tools towards specialist tools such as sanders and other "integrals." Similarly, the sophistication of equipment, such as hand drills, is increasing.

Black and Decker's success in meeting this demand—if not indeed belping to create it, since it has sucb a large share of the UK market—is through keeping its products at prices which ensure volume sales. Betweeo 1978 and last year the company recorded a 40 per cent real iocrease in sales, and, although this rate has slowed down this year, its forthcoming new products are likely to lead to further steady growth.

Scope

In terms of marketing, the most sigoificant development recently has heen the arrival of DIY products io supermarkets, which benefit from high customer flow, aod some have achieved notable market sharcs in products whicb are suitahle. But their scope is limited to some extent hy the need to adapt their premises for a wider range of products.

Specialist home-improvement super stores, on the other hand, suffer few limitations of this kind, and are increasing hoth the number of their retail outlets and their square footage.

According to Earnshaw, Haes, many in the trade helieve that the home-improvement, as opposed to DIY, boom is only now beginning in the UK. "The discount backgronnd, parking facilities and customer profile is the perfect hase on which to graft many other product areas such as domestic textiles, curtains, sports and leisure wear, hobby supplies and, especially, gardening, which is currently being developed in nearly all super stores," they say.

But it is also suggested that the peak profit days of tbe DIY retailers are drawing to a close, although relative performaoce should remain attractive for some time to come and offer significant investment opportunities.

The breakdown of the DIY product market in terma of sales shows the home-decorating sector (paints, wall-coverings, etc.) to be the largest at £866m last year, followed by toola and wood products, with sales of £703m, and DIY repairs and improvements (electrical fittings, plumbing, heating and ventilating) at £256m.

There are now around 30,000 DIY bome-improvement outlets in Britaio, of which about 2,500 supermarket-style multiples claim a market share of more than 30 per cent and the structure of the industry is in a state of constant change.

Last year the bigger companiea did much to consolidate their positions, so as to protect themselves against the lncreasing strength of the retailing multiples and the large number of aggressive small concerns trying to carve a higger share of the market.

Some of the major companies, such as Home Charm and Martey, also began to move up-market last year, offering more disciplined prodnct layouts, and at the same time the specialist retailers have been active, A. G. Stanley introducing its Mr. Stanley chain to offer a wide range of hardware for the DIY market.

Dodge City has opened Wallz and Brown Bear outlets to specialise in up-market decorative and self-assembly furniture, respectively, although the market for the latter has been distinctly patchy this year.

The £360m wallpaper and paints market still dominates the decorative side of the DIY trade, and the big four in paints—ICI, Crown, Berger, and Donald Macpherson—still return around half of the £200m total. Overall growth last year was aronnd 10 per cent, hnt ICI predicts an increase of only 3 to 4 per cent this year. Wall-coverings are also in surplus supply at present.

The spread of paint sales over the past few years shows that

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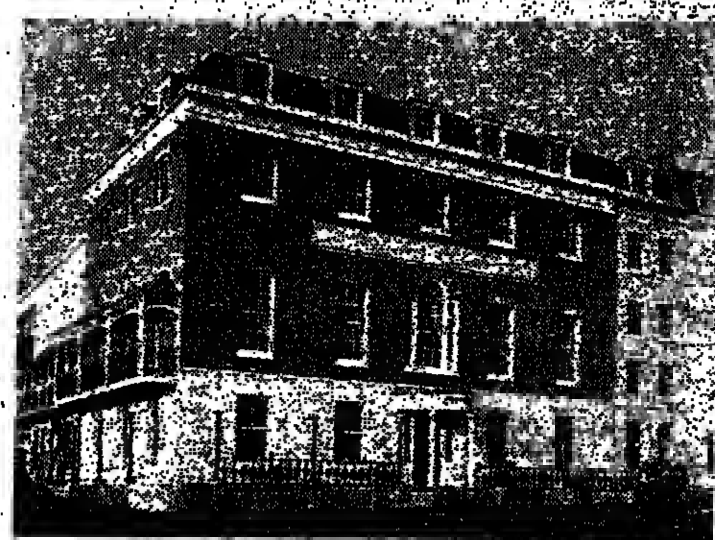

The Royal Hotel at Southend, part of a Grade II Georgian terrace, was threatened with demolition until a local conservation society stepped in. It has been completely refurbished as a public house and functions room plus offices

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Many offices ready for overhaul

ALTHOUGH OFFICES built before the 1939-45 World War are often considered to be the main targets for refurbishment, most office buildings constructed in the 1950s and the early 1960s are now also strong candidates for a major overhaul.

One reason for this, according to Mr. Peter Williams, a *staff architect to the chartered* surveyors Richard Ellis, is that offices of the 1950s and the early 1960s were generally built to modest standards to give developers the maximum return.

Buildings of *that period* invariebly had curtain walls with minimal insulation in a period of *cheap fuel*. But *today*, the new stringent rules on insulation, effective since June last year, demand either refacing or at least internal wall modification tn satisfy the regulations.

Other *reasons* for *refurbishing* are that mechanical services are either reaching the end of *their* useful *life—particularly* lifts—or the materials and design (such as electrical services) have since radically improved. In many instances, central heating was not installed—or if it was, it was in the form of an electric under-floor system.

Offices of the period were often built to standards of floor loading below today's requirements. This, combined with defects in mechanical services, may lead to such devices as taking up the existing screeds and replacing them with a light, false raised floor which, at a stroke, reduces imposed loads and allows freedom in the layout of services, particularly beating and electrical systems.

The general distaste of the public and authorities to buildings of that period can result in a sympathetic reaction to plans for external improvements —and thus a quicker and easier passage through the planning processes. A key factor to encourage refurbishment — rather than redevelopment — is less delay at the planning stage. This saves time and money, Mr. Williams comments.

Many buildings were put up when planning authorities either did not exist or were less restrictive than they are today. Hence many older *buildings*, particularly in the City of London, have plot ratios (ie, the *ratio of gross building area to* area of site) well in excess of current limits. And despite thick external walls *and* sometimes extravagant stairs, many still provide a higher net floor area than new *buildings*.

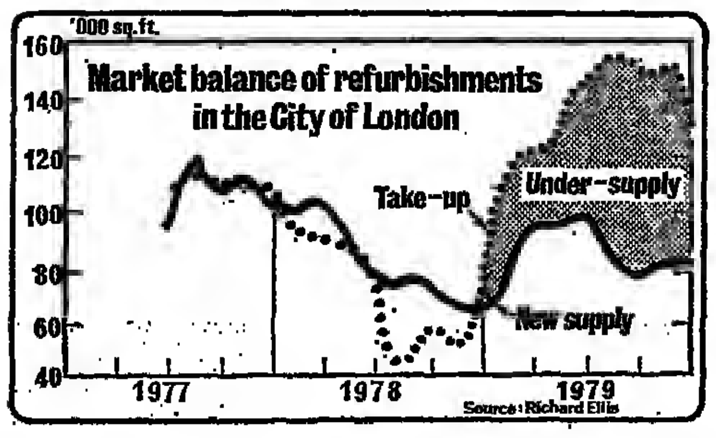
Discouraged

Recent changes in planning principles can also aid refurbishment. In central London, in the 1950s and 1960s, *authorities* demanded the provision of high levels of private parking within any new scheme. But today, private parking in central areas is actively discouraged—and so where, perhaps, basement parks have ben constructed, they can now be converted to more profitable office uses.

Further, buildings built before January, 1948, enjoy a right to compensation if a local authority refuses to allow a 10 per cent addition in volume and area. In practice, it is rare for *a council not* to grant the extension as compensation would be a severe and unnecessary drain on their *financial resources*. This is a very important and valuable asset which an existing building would have over a new development.

The emergence of factors which encourage refurbishment means that developers now have a realistic alternative to complete redevelopment. Tha City of London office development market clearly reflects the progress of refurbishments. A recent report by Richard Ellis says that throughout the period 1974 to 1979, refurbishment activity has been strong. The preferred unit size for refurbishments is under 30, sq. ft.

New offices for Lindsoy Blee on the fourth floor of Three Quays House at Tower Hill, in the City. The brief to Building Design Partnership was to provide o fully air-conditioned space containing a combination of open-plan areas and individual offices



An indication of the increasing suitability of refurbishments in the City is that air-conditioned refurbishments have con*sistently out-performed the* non-air-conditioned ones over a three-year period since 1977. Rents moved little during 1977 and increased by 10.6 per cent in 1978, compared with an inflation rate of 8.4 per cent (December, 1977 to December, 1978). But in 1979 there was a marked improvement in rental performance generally, with air-conditioned refurbishments increasing by 15 per cent during the first six months of the year, compared with 13 per cent for modern air-condtioned buildings.

These rental performances are hahed on a cross-section of recordings for selected properties in varying locations, and rents for some properties reacted more dramatically on occasions, showing increases over a three-month period of up to 18 per cent.

The latest office rental index by the *Royal Institution* of Charteded Surveyors and the Institute of Actuaries, which covers *the quarter ending* in June 1980, shows an increase in all types of office buildings of 10.2 per cent in the last year. With inflation at almost 20 per cent, rental levels were therefore not accelerating at the same pace. The biggest increases in London office rents are in pre-war refurbishment property.

The levels of supply and *take*-up of refurbishment space during 1977 and 1978 were about in balance, *with a temporary* excess of supply during the latter half of 1978. During these two years, the availability of refurbishments was sufficient to meet demand, therefore little pressure was put on rents for this type of accommodation and growth was just ahead of inflation.

Acute shortage

However, at the beginning of 1979 the shortage developed which grew more acute as the year progressed. This had a direct impact on rents for this type of property. Rents for refurbishments rose by 15 per cent in the first half of the year, with the level of growth tailing off towards the latter half.

In the early months of 1980, rents have again risen dramatically, *reacting to the widening* deficit which became apparent in mid-1979.

This acute *under-supply can* be attributed to the overall lack of space available in the City during 1979, Richard Ellis comments.

In the future, there seems to be fewer opportunities in the City for major redevelopment as conservation orders increase. The standards of upgrading now offer tenants prestige accommodation in favourable locations in the City and this is an important factor in ensur*ing that high-quality* refurbishments can be offered as a realistic alternative to development.

According to the recent Government-commissioned report by the Property Advisory Group: "There may well be relatively little demand for *fresh* office development and *the* industry's efforts will be concentrated on the refurbishment of *existing stock, with a view* to maintaining its value as an investment."

The group *predicts* that property after the recession can still expect relatively slack demand, *particularly* for *offices*, and weak rental growth. General development activity, it suggests, will be much redneced and the emphasis will be even more on refurbishment and renovation.

Among the well-established London companies which are seeing a surge of activity in refurbishments is Trollope and Colls (City), which is now working for four of the major clearing banks and others to an extent of more than £10.5m. Queen Anne's Gate is a prime example of where London buildings are ripe for renovation—the company is involved there in a £1m project.

Ashby and Horner says that 70 per cent of its refurbishment work is in City offices, banks and executive suites. Large contracts are now being undertaken for Barclays Bank, Standard *Chartered* Bank, the Corporation of London, the Co-operative Wholesale Society and J. Walter Thompson.

Standards of office refurbishment in the City are "getting higher and higher" according to Mr. David Pickford, managing director of Hazlemere Estates, which has 16 projects underway in the London area.

Typical projects include a "total transformation" of 13,000 square feet of old office space at 28 Throgmorton Street, opposite the Stock Exchange. This £500,000 scheme is due for completion next month. Similarly, 12,000 square feet of offices in South Place, in the City, will be ready as prime air-conditioned office accommodation by September.

Michael Wiltshire

Improvements

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supermarkets have doubled their share to around *18 per cent*, while the share held by paint and wallpaper specialists has fallen from 41 *per cent* in *1969* to 35 per cent.

Builders and timber mer*chants heve adapted slowly* to changing market conditions, but are beginning to take advantage of *certain favourable aspects of* their business, such as their ability to offer materials in greater *bulk than most* DIY stores, with substantial cost savings to the purchaser.

There is evidence that demand for *building* materials is coming increasingly from home-improvement, repair and renovation, and these new non-*traditional* customers are creating the need for a bigger commitment to advertising. Merchants face tough competition, however, from super stores and will hava to fight hard to make up lost ground.

The DIY sector of the £500m plumbing fixtures and *fittings* market is now put at around £50m a year, but is expected to grow to *between £120m* and £150m in the next five years.

Some companies are now gear*ing their retail outlets* accordingly.

The market for DIY electrical *products has expanded four*fnld in the past ten years, although this is a 34 per cent increase in real terms, and it is still dominated by M.K. Electric, which has a 60 per cent share of the market. A number of companies are now challenging M.K., mainly through the handy-pak dispensary trade.

With the many and varied companies in the home-improvement market *now faced* with the dilemma of trying tn hold margins or lose turnover in this highly competitive market, some are likely to reconsider their expansion plans. Others, mainly the larger companies, are optimistically going ahead in the hope of an early improvement in demand.

In the longer term this is likely to be damaging for the smaller concerns which may not have the *resources to be* prepared for the upturn when it comes.

Lorne Barling

Houses in Starley Road, Coventry, which have been rehabilitated ofter residents formed an association, then a co-operative, in their battle with Coventry Council to save their 37 homes from the bulldozer. Planning blight had made the street derelict but it now thrives again, with more improvements planned

Conversions keep architects busy

IT WASN'T SO long ago that architects used to say rather sheepishly: "Well. I'm *only* doing a few conversions." Times have changed so much that now practically every architectural practice is engaged in some kind of conversion or refurbishment scheme.

Why has the climate changed so rapidly? Is it an economic response or an architectural response to the general dislike of modern buildings?

Inevitably, the real reason for the growth of the "patch and mend" school of architectural thought is a combination of several factors. The high cost of building labour and materials has meant that it is frequently cheaper to refurbish than to build new. The high quality of the existing stock of buildings, particularly those erected before the 1939-45 World War, has slowly been recognised as an important resource. It would be difficult to achieve such good quality buildings at today's inflated prices.

Another factor that has encouraged architects to refurbish and conserve has been the growth of government grants for the improvement of old buildings and the restoration of historic ones. The 1980 Housing Act, for example, widens the range of residential property eligible for repair or improvement aid.

Looking first at the remarkable growth in grants for the refurbishment of historic buildings, it is significant that even in the present economic climate there has been no decline in grants made by the government financed Historic Buildings Council. Up to the end of 1979, more than 261,000 buildings in England had been listed as of being of special architectural or historic interest. These buildings are graded, Grade I, Grade II, and Grade III, and, during 1978-79, more than 7,000 buildings were added including 35 Grade I buildings.

Country houses form the largest group of buildings that are grant-aided individually. These houses must be open to the public if they are to receive government funds. An interesting recent development is the conversion of large country houses into groups of small flats. The main rooms are often retained for communal use.

Grant aid is now available for churches in use and this has encouraged many congregations to refurbish ecclesiastical buildings and keep them in use rather than seek redundancy. More than 400 grants were made to churches in 1979, totalling more than £3½m.

Five-year plan

Conservation areas and town schemes are both ways of protecting whole neighbourhoods rather then just single buildings. Grants support the legal designation of these areas and during the last year more than £3m was spent on the improvement of conservation areas. The Historic Buildings Council has always reserved money for a series of especially important historic towns. Brighton, Hove and Winchester have now joined the list. The first phase of a five-year plan to tackle derelict buildings in the centre of Bristol has just begun.

The conversion of empty and run-down warehouses in the centre of Hull is beginning to demonstrate that a new use for an old building is the key to effective conservation. In London, long-term schemes are assisting with the renovation and renewal of Covent Garden, Bloomsbury, Pimlico and Spitalfields. The historic centre of Greenwich has just received its first grants.

The issue of whether or not to refurbish, and at what cost, is exemplified by Covent Garden, where it was originally planned to rebuild the entire area, keeping only the 18th century market buildings.

When the Greater London Council decided to refurbish the buildings in 1975 it was estimated that the costs would be around £2m. The final cost is probably nearer to £4m.

The Greater London Council architects have spent a great deal of money but their policy was always to use the best materials to match the new work to the quality of the old.

A public facility has been provided in Covent Garden that has cost, according to the GLC, about a third of the price of an equivalent new shopping centre.

In Whitehall the Government is committed to a major refurbishment scheme to turn the early 19th century Richmond Terrace into Government offices. At a cost of £8.5m a scheme by the architects of the Property Services Agency with consultant William Whitfield proposes the retention of the terrace's facade and the erection of a new building to house a total of 650 civil servants.

Two financial measures are still needed to help the owners of listed historic buildings. First, exemption for owners from VAT on repairs would benefit those most in need: charities, churches and other non-profit making institutions. Second, a special provision to allow owners of listed buildings to set the cost of repairs against tax would have important results.

Another important agency which has recently developed to preserve the architectural heritage is the privately-run Historic Buldings Trust. One of the most important of these agencies is the Derbyshire Historic Biudings Trust which has recently appealed for £200,000 to save several of the country's more minor buildings. The trust operates a revolving fund and is now about to restore 60 railway cottages in Derby—the oldest known houses built by a railway company. The total cost of this scheme is likely to be more than £1m and the trust aims to make it completely self-financing. There are now several regional historic buildings trusts, some in London and some particularly effective ones in Yorkshire.

There is also an important independent charitable trust, known as the Building Conservation Trust, with offices in Hampton Court Palace. It has been formed by leading architectural, building, contractual and refurbishment interests to promote the proper alteration and maintenance of buildings of all types and ages. It is planning to establish strong links with craftsmen to ensure careful building repair.

Important bid

Recent projects in London's Dockland show how good architects can be helpful in the context of refurbishment. In an important bid to revitalise the Dockland community, several schemes are soon to begin to revive the Rotherhithe area. And, in the uncertain public spending climate, it is to be hoped that plans laid by the GLC and the Docklands Joint Committee will come to fruition.

Hunt Thompson Associates are the architects for a scheme to turn Rotherhithe's Thames Tunnel Mill into single person accommodation for the Family Housing Association. The architects have produced an ingenious plan that keeps the shell of these fine warehouses and allows for the creation of 71 flats (room for 119 people) with roof gardens and communal facilities. This kind of housing is exactly the sort of accommodation that is urgently needed for single people in the inner city.

Small workshops are also needed in Docklands and those already provided in a refurbished wharf by Southwark Council have proved very successful. The integration of housing and workplaces is an area that has as yet to be thoroughly explored.

Architects are now ready and eager to carry out refurbishment work, and this does not mean that they are working only on old buildings. The Thomas Saunders Partnership specialises in modernising banks in London and they are about to tackle Fountain House near Fenchurch Street, an office building that was completed in the 1950s. The same firm's recent renovation of the historic Sicilian Arcade near Holborn demonstrates how well an historic building can be re-used.

By today's standards, many of the office buildings built in the 1950s are already in need of extensive replanning. It is often possible to find 20 per cent more space and to modernise the services in structures that were thought to be the last word in efficient design only 25 years ago.

Refurbishment not only makes buildings more efficient, it can also contribute to the retention of our architectural heritage.

Colin Amery

Craft skills in restoration form an important part of some companies' service: work in progress to reconstruct the two western cupolas on the Grosvenor Hotel, Victoria

Recession reduces demand for exterior cleaning

THE INDUSTRIAL recession is having its effect on the cleaning of buildings' exteriors, particularly where the purpose is less for preventive or curative maintenance than for aesthetic reasons.

One of the leading operators in the field, London Stone, admitted recently that although current quotations for cleaning masonry and brickwork are comparable with last year's levels, the number of quotes which translate into contracts has fallen by about 13 per cent and is still dropping.

Mr. Eric Meecham, managing director of London Stone, says public sector work is stagnant at a disappointingly low level and most private sector business is also beginning to show signs of falling off.

The remaining growth areas, however, are taking up some of the slack. Banks and building societies in particular he picks out as increasing their contracts for exterior cleaning, and some retail firms which are "conscious of their image" are also maintaining their programmes.

As always in such an industrial climate, customers are looking for competitive quotes in an attempt to squeeze as much as possible out of straitened budgets.

The leading operators in the stone cleaning field believe that this atmosphere increases the likelihood of poor quality workmanship and opens the door again to "fly-by-night" firms with little regard for the high level of technology needed.

The industry has been bedevilled by such operators since the 1960s when the industry really began to take off. This followed the passing of the various Clean Air Acts during the 1950s which had such success in improving conditions in cities that for the first time landlords could envisage long term improvements from cleaning their buildings.

Cleaning stone and masonry, however, is fraught with pitfalls. Some abrasives will simply strip the protective surfaces of certain materials, leaving them porous and vulnerable to accelerated decay.

Others will unevenly abrade a surface, making it more of a dirt trap than before. Even water can be potentially dangerous. If it saturates some stone it can cause damage to the interior. Water penetration also activates the iron content of sandstone, sometimes causing staining, while on brickwork it can draw out the salts present in the clay.

Alkaline solutions, frequently used for cleaning limestone, can also cause harmful salts to lodge in joints of stonework causing serious progressive damage. Thorough washing after application is vital.

Then there are the health hazards to the cleaning workers. Dry blasting of stonework with sand or flint, once highly popular, is slowly falling into disuse by the more reputable operators though there is still considerable controversy over the potential health hazard if proper precautions are taken.

At issue is the threat of silicosis—a progressively debilitating lung condition caused by deposits of silica fibres.

Mr. Meecham believes that sand blasting still has its uses. It was used in the cleaning of Somerset House on the Strand, but the Department of the Environment now appears to be limiting its use and when London Stone quoted for the cleaning of Northumberland House on the corner of Trafalgar Square the DofE specified the use of water sprays.

Simply identifying the materials present in buildings which may have been added to or repaired over many centuries can require inspection by a specialist chemist or even off-site tests.

For all these reasons stone cleaning is not the simple "wash and brush up." operation which many less reputable operators treat it as.

Now there is a chance that the worst excesses of these operators will be controlled. In January The British Standards Institute published its draft code of practice for cleaning and surface repair of masonry.*

Already it has met with near universal approval—objections seem to be of a minor nature. Part of the reason for the acceptance of the draft has been the wholehearted involvement in it of the leading authorities and customers in the field.

Organisations represented on the BSI committee which produced the draft included the Department of the Environment, the British Railways Board, the Royal Institute of British Architects, the Society for the Protection of Ancient Buildings, the Ecclesiastical Architects and Surveyors Association and the GLC. Among them they contain a wealth of on-site experience.

In addition, both the Stone Federation and the Brick Development Association were present to advise on actual materials.

The draft code—which as yet cannot be applied as a British Standard—not only deals with the problems and advantages inherent in different types of cleaning operation on different materials, it also gives sensible standards of conduct as regards health, public nuisance and the general protection of buildings.

The draft code also covers surface repairs, another area where inexpert workmanship can result in major problems in the future. Restoration experts working in Westminster Abbey are finding their worst headaches arise less from the original stonework than from the late 19th century patch-and-make-good repair jobs in unsuitable stone and inferior materials.

The code covers repointing—the replacement of decaying mortar between masonry—and provides a valuable guide to types of mortar commonly used today as well as notes on old types of mortar.

The replacement of decayed natural stone is also dealt with and some of the commoner types of associated problems pinpointed. Limestone, for instance, should not be placed over other porous masonry because water run off can cause decay.

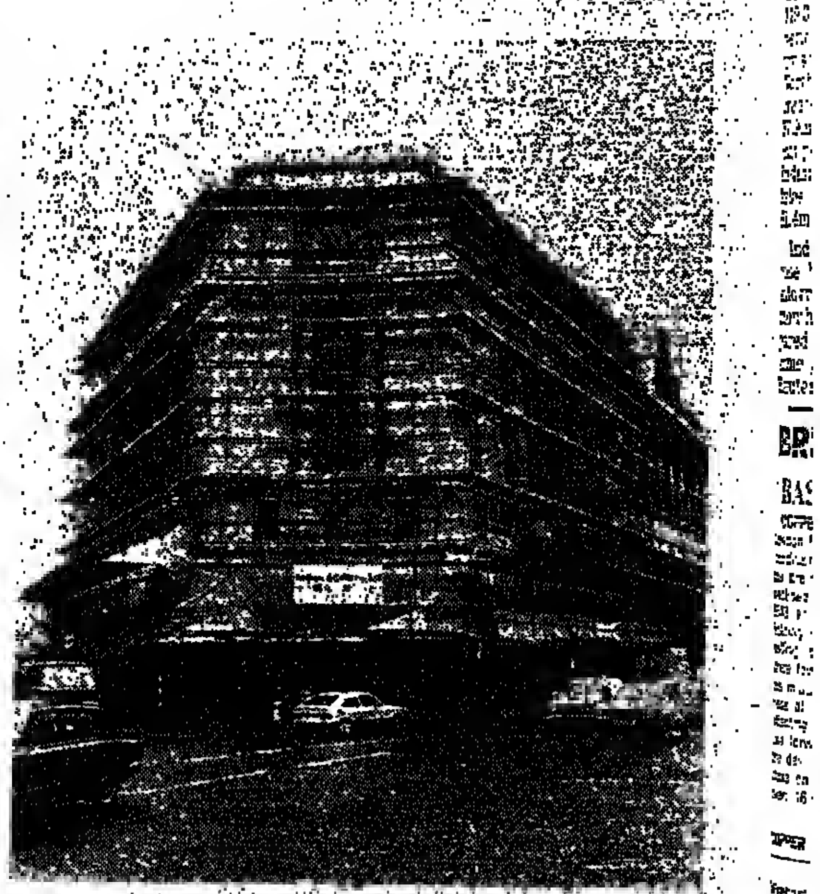
Brickwork replacement poses different problems: the code recommends the use of old matching bricks but warns that they must be uncontaminated.

Some weeks ago, representatives of the major stone cleaning companies, Peter Cox, Szerelmey, Reparations Dreyfus (another arm of Pritchard Services which also owns London Stone) and Rominar, a new company aggressively attacking the market, discussed the draft code.

Their response tells it all: "Bring it in quickly."

* *Draft Standard BSOORC. BSI 101, Pentonville Road, London, N1 9ND. £2.*

Christine Moir



The National Westminster Bank opposite the Mansion House in the City, which is currently being given a facelift

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COMMODITIES AND AGRICULTURE

Most U.S. tin bids rejected

By Our Commodities Staff

ONLY FIVE tons of U.S. stockpile tin, out of 500 tons offered, was sold at the third fortnightly sale held by the General Services Administration in Washington. Bids for the surplus tin ranged from $6.94 to $7.66 a lb compared with the New York quotation of over $7.75.

This is the first sale of tin under the latest stockpile sales programme started on July 1 with planned offering of 500 tons each fortnight for the disposal of 30,000 tons over the next three years.

All bids were rejected at the first two offerings on the grounds that the prices were below current market values and would, therefore, be disruptive.

There was little reaction on the Penang or London markets. Traders point out that the availability of stockpile tin is a sufficient depressant by itself with consumers assured of additional supplies when required. In fact London tin prices closed virtually unchanged yesterday reflecting lack of trading interest.

In spite of the weakness of sterling against the dollar, copper prices lost ground. Cash wirebars closed £14.5 down at £922 a tonne and three months lost £15 to £939.75. Speculative selling was reported to have been triggered off when the three months price failed to attract buying support as expected when it fell through £940 in early trading.

India's tea output up

NEW DELHI—India's tea production in the first five months up to May 1980 increased to 135.4m kilos from 119.3m kilos during the same period last year. The tea industry said while the production in Northern Indian States increased to 80.8m kilos from 57.9m kilos over the same period last year, tea output in Southern Indian States dropped to 54.6m kilos this year compared to 61.4m kilos in 1979.

India's tea exports to the UK rose by 13.2 per cent to 29.1m kilograms in the first four months of the current year compared to 25.7m kilograms in the same period last year.

Reuter

Dairy trade confident of milk price rise

BY RICHARD MOONEY

MR. NICHOLAS HORSLEY, the new president of the Dairy Trade Federation, is confident that the Government will grant a joint request by milk producers and distributors for a 1½p a pint increase in the retail price. But he fears that the rise, which had been requested to take effect from tomorrow, may be delayed until September or October.

Speaking in London yesterday Mr. Horsley, who is also chairman of Northern Foods, said if no rise is granted before October, the necessary increase would rise to at least 2p a pint.

Northern Foods' profit margin on milk had only risen 3 per cent in the past year while inflation had been running at 18 per cent, Mr. Horsley said. "Is that good enough?" he asked.

Mr. John Owens, the federation's director-general, added that milk distributors had benefitted from no increase in profit margins since October, 1978, with the result that their average margin was down 36 per cent in real terms.

"The Government must act now, not next month or the month after," Mr. Owens said. "For every month the increase is delayed it will need to be larger."

The DTF director-general was highly critical of the House of Commons agriculture committee's report on the dairy sector published last week. This contained a lot of "thoroughly admirable" recommendations, Mr. Owens said, but the points which had "bit the headlines" were less sensible.

In particular he denied the committee's assertion that there had been no in-depth enquiry into milk marketing "for 25 years," and questioned the need for another investigation. He listed nine special reports that had been undertaken in the period in question, apart from regular biannual, annual and five-yearly reviews by the Ministry of Agriculture and the official consumers' committee.

One investigation, into costings in the distributive sector by independent accountants Binder, Hamlyn, was still underway and this report, expected in October, should be awaited before any further study is started, Mr. Owens said.

He was also concerned over the committee's findings on the prospect of imports of ultra-heat-treated (UHT) milk into Britain. Scientific evidence of the serious risk this would involve of importing foot and mouth disease had not been taken account of, he complained. He said the evidence had been available, but the committee had not asked for it.

Mr. Owens said he was worried by the committee's attitude to imports of New Zealand dairy products. It had failed to take account of the sharp rise in the New Zealand share of the UK butter market, he suggested.

The quota agreed for 1981 would give New Zealand 33 per cent, its biggest share yet, of British butter consumption, he said. New Zealand imports had been reduced but not sufficiently to reflect the reduction in UK demand for butter.

The DTF believes New Zealand should be granted a percentage share of UK butter consumption rather than a fixed quota.

World cotton balance forecast

FOR THE first time in more than a decade, world cotton production and consumption will be roughly in balance this season, the International Cotton Advisory Committee said in its monthly review, Reuters reports from Washington.

Although supply had been expected to exceed demand after the increase in the 1979/80 world cotton crop, rates of mill use improved during the season, the committeee said.

Stocks at August 1 are expected to be about 22m bales—just over four months' supply at current use rates and comperatively lower than historic ratios, it added.

A substantial part of the stocks in certain exporting countries, particularly in the U.S., has already been committed for export in the early months of the 1980/81 season, the committee said.

Carryover stocks are essentially unchanged, but international distribution has changed.

In the U.S., August 1 carryover stocks are estimated at 3.1m bales, down 800,000 bales from a year earlier. In the socialists countries, stocks will increase considerably from the low level at the beginning of the season, it projected.

Textile activity in several main centres is being adversely affected by the current business slowdown, and it appears this will influence next season's fibre use, the committee said.

Mills in a number of countries have begun laying off workers and an extended summer vacation seems certain for many others, it added.

However, based on the healthy state of the industry during most of the current season, the committee said world cotton consumption in 1979-80 should still reach the projected record of 65.6m bales, against the previous high of 63.5m last season.

Reuter

Israeli exports earn more

BY OUR OWN CORRESPONDENT

ISRAEL'S COTTON exports from the 1979 crop have already reached $100m and total shipments abroad are expected to come to $110m, compared with only $86.5m earned from exports of the 1978 crop.

This was announced by Israeli Agriculture Minister Ariel Sharon. Israel holds first place in the world for cotton production per unit of land—some 1,600 kilograms per acre, he said. This is a third more than the figures for the next best yielding countries, Australia and Guatemala.

The total area under cotton will remain unchanged at 150,000 acres (due to water limitations) but efforts to increase output further by research and development—from 80,000 tonnes a year now to 100,000 tonnes within a few years—will be intensified. Local mills currently take 18,000 tonnes annually of the crop.

Israeli cotton growing is very largely mechanised and 12,500 acres are now under drip irrigation which saves water while at the same time raising yields.

Cocoa falls below £1,000 a tonne

By Our Commodities Staff

WORLD COCOA prices fell below £1,000 a tonne yesterday for the first time since April 1976.

Dealers thought producers were responsible for most of the selling—which pushed the September price down £38 to £998.5 a tonne at the close. They said no particular reason for the selling was apparent.

Some manufacturer buying was noted but this was insufficient to check the decline.

Cocoa prices have been under pressure for some time in view of the world production situation, which promises a crop much larger than demand for the fourth year in succession.

The cocoa market has been operating without the benefit of the international price stabilisation agreement, which expired in April, when consumers and producers failed to agree on a support level.

Talks are going on in Geneva this week aimed at reviving this pact, but this consideration seems to have had little effect on market sentiment.

Sugar values rise on purchase news

By Our Commodities Staff

THE EEC Commission stepped up sugar export authorisations again at yesterday's weekly tender. It granted export licences on 59,750 tonnes of white sugar compared with 42,850 tonnes last week.

The Commission set a *minimum export levy of 5.64* European Currency Units to bridge the gap between EEC and world sugar prices.

On the London futures market, sugar prices rose yesterday aided by reports of a purchase by Venezuela of 40,000 tonnes of whites and a purchase by Syria of a cargo (about 10,000 tonnes) of whites.

In Bangkok, meanwhile, the Thai Commerce Ministry instructed sugar mills to produce an extra 30,000 tonnes of refined sugar to alleviate a domestic shortage. This followed a similar order for 50,000 tonnes in May. The new order will bring domestic production this season to 630,000 tonnes

FUTURES MARKET

London goes for gold

BY JOHN EDWARDS, COMMODITIES EDITOR

THE GOLD futures market, which the London Gold Market and London Metal Exchange *announced* last week *they hope* to launch early next year, could bring a vast new flow of funds into the City. It could also have considerable repercussions on the existing London metal markets and the international gold trade.

It has taken some time for the five bullion brokers, who form the London Gold Market, and the London Metal Exchange to agree formally that they should co-operate together in launching the proposed futures contract.

Although three of the five bullion brokers are members of the London Metal Exchange, through subsidiary companies, there has been a traditional rivalry between them going back to at least 1968 when the LME launched a silver futures contract in the teeth of opposition from the bullion market.

The bullion brokers have jealously guarded their dominant position in the physical trading of precious metals, particularly gold, and are anxious *to maintain the importance of* the twice-daily London fixings.

While the bullion brokers control physical trading in gold, they do not have the expertise or facilities to run a futures exchange. Nevertheless, they are aware of the tremendous growth of interest in futures trading of gold that really got off the ground when at the beginning of 1975 the U.S. relaxed its ban on private citizens owning gold.

Dominated

It took some years for the U.S. gold futures market to develop but there is no doubt that the *introduction of the* big U.S. gold futures markets, normally requiring only a 10 per cent margin, has considerably increased the number of people able to trade in gold. So powerful have the futures markets become that on many occasions they have dominated movements in the physical gold market, instead of the other way round.

There are several reasons why London wants a gold futures market of its own. One is the differing time zones. At present there is no proper gold futures market operating in the European time zone and a market in London would complete a 24-hour cycle for futures trading to match the 24-hour trading in physical gold.

Apart from the convenience of time, many Continental and London gold traders would prefer to trade on a European exchange.

There is growing apprehension about the increasing regulations being imposed on the U.S. exchanges by the U.S. Commodity Futures Trading Commission. The Commission has recently insisted that "foreign" (that is non-U.S. traders) must be prepared to identify their clients—thus shattering the normal confidential relationship that European traders, especially the Swiss, value so highly.

There are also a growing number of other restrictions in the U.S. markets—such as the permitted daily price fluctuations, which can result in traders being locked in, and arbitrary changes in margins and size of positions.

Although the European gold traders do use the U.S. futures markets considerably, there is often the feeling that the influences that affect U.S. prices are not always the same as those in Europe or elsewhere. The large speculative element on the U.S. exchanges can be very unpredictable, switching from gold to pork bellies, grains or Treasury bills in a few hours without any apparent pattern.

Overall London is anxious to get its share of the growing gold futures "cake" and is confident that it will be able to attract a lot of business from all over the world, including from U.S. traders anxious to use alternative markets.

An important added fillip to the plan for a London market came when the U.K. Government decided last October to lift the foreign exchange curbs, and the ban on private citizens owning gold bullion.

However there are formidable other problems. One is the size of money likely to be involved, bearing in mind the huge sums that pour into the highly volatile gold futures markets in New York and Chicago.

It was recognised very early on by the Metal Exchange that a gold futures market would have to include a clearing house system to spread the financial risk.

The problem is that a clearing house has been rejected, by a fairly narrow majority, for the other metals traded on the Exchange by members who prefer to stick by their unique principals only contract system.

At the same time while some companies are very anxious to trade in gold, other members do not wish to do so and are fearful that the Exchange may become dominated by gold, losing its pre-eminence in base metals in the process, and gradually being forced into a clearing system.

There is at the same time a wide choice of clearing systems available. An obvious choice would be the International Commodities Clearing House, which handles the London "soft" (non-metal) markets and has an involvement in the Sydney and forthcoming Hong Kong gold futures markets.

Greater security

But many people on the Metal Exchange resent the idea of someone else making money on their trading and would prefer an in-house system whereby the market members would *retain* the *profits*.

Additionally it is argued that the kind of in-house clearing systems used by the New York and Chicago exchanges provides more security by spreading the risk among many companies.

Another important problem for the Metal Exchange is the question of membership. There are many potential members who would be eligible to join even though they have so far been excluded from the Metal Exchange mainly on the grounds that they do not have sufficient trade interest in base metals.

All this suggests that a separate market for gold, possibly also including silver and platinum at a later stage, may have to be launched with its own clearing system and a separate membership.

This would tie in neatly with another development—the move by the Metal Exchange into new premises in Plantation House from its existing home at Whittington Avenue to Leadenhall market. The move, which is expected to be finalised by October, is to give more space to cope with the new Exchange markets and growing business.

The introduction of gold trading would require a great deal more space, so it might be sensible for the gold futures market to move into Whittington Avenue.

Logical moves of this kind very often are impossible to achieve for a variety of reasons. What is certain, however, is that a London gold futures market will happen.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost further ground on the London Metal Exchange in active trading conditions. After opening weaker in the pre-market at £946, forward metal declined to trade in the range between £943 and £948, with Eastern demand holding it steady at that level. Hedge selling during the Rings pushed the price lower to £939, and the close on the midday Kerb was £936. The weakness of sterling was the major factor affecting trading during the afternoon, and forward metal reached a low for the day of £933.5 before recovering to close on the late Kerb at £939. Turnover: 16,576 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	921-2	—19	921.5-2.5	—14.5
3 months	938-9	—19	939.5-40	—15
Settlem't	922	—19	—	......
Cathodes				
Cash	889-90	—17.5	890-1	—15.5
3 months	913-4	—19	916-7	—15
Settlem't	890	—18	—	......
U.S. Prod	—	......	*100-106	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £924. Three months £947, 46, 45, 44.4, 44, 43, 42, 41, 39, 38, 39. Cathodes: Cash £889, 90. Three months £914, 15. Kerb: Wirebars, three months £938, 37, 36, 37, 38. Afternoon: Wirebars, three months £938, 37, 38, 38.5, 39, 39.5, 40. Cathodes, three months £916. Kerb: Wirebars, three months £939, 37, 38, 39.

TIN—Moved higher in fairly quiet trading. Forward metal opened lower at £7,190, and traded down to a low for the day at £7,170 during the morning Rings. Demand picked up in the afternoon and the price moved through £7,185 to a close on the late Kerb at £7,215. Turnover: 565 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7145-55	—35	7180-90	—20
3 months	7170-80	—10	7200-5	—19
Settlem't	7155	—35	—	......
Standard				
Cash	7140-50	—40	7180-90	—20
3 months	7170-80	—19	7200-5	—19
Settlem't	7150	—40	—	......
Straits E.	$2154	—6	—	......
New York	—	......	—	......

Morning: Standard, cash £7,140. Three months £7,190, 80, 70. Kerb: Standard, three months £7,180, 85, 80. Afternoon: Standard, three months 7,190, 85, 95, 7,200. Kerb: Standard, three months £7,210.

LEAD—Declined in quiet trading. After opening weaker in the pre-market, forward metal fell to £351 during the morning, closing on the midday Kerb at £352. The decline continued in the afternoon, with a low for the day of £356.5 being reached during the second Ring. The high for the day was reached during the late Kerb at £363, but the price closed below the best at £360. Turnover: 6,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	348-50	—4.75	348-9	—7.5
3 months	351-2	—3.75	356-7	—6
S'ment	350	—4	—	......
U.S. Spot	—	......	*34-6	......

Morning: Cash £354, 53, 52, 51, 49. Three months £363, 65, 63, 64, 63, 62. Kerb: Three months £361. Afternoon: Cash £343, three months £363, 61, 60, 59, 58, 57. Kerb: Three month £358, 57, 58, 59, 60, 61, 51.5, 61, 58.5, 59.

ZINC—Moved within a narrow range in quiet conditions. Forward metal opened lower at £310 and attracted little interest to close the morning at £310.5. The afternoon price range was between £310 and £312, with the close on the late Kerb slightly down at £311. Turnover: 2,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficl'	+ or —
	£	£	£	£
Cash	298-.5	+4.5	299-.5	—2.25
3 months	310-11	+4	310-.5	—2.25
S'ment	299.5	+4.5	—	......
Primw'ts	—	......	*35.6	......

Morning: Cash £299.5. Three months £312, 10, 10.5, 11. Afternoon: Three months £310. Kerb: Three months £310.

ALUMINIUM—Little changed. Forward metal opened weaker at £731.5 and quickly traded down to a low for the day of £728. Good demand at this level lifted the price to £735, and the close on the late Kerb was £732. Turnover: 5,525 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	748-9	—17.5	766-5	—6.5
3 months	729-30	—11	735-6	—1

Morning: Three months £733, 32, 30, 29, 30. Kerb: Three months £728, 29. Afternoon: Three months £729, 31, 30, 31, 34, 35. Kerb: Three months £732.5, 32, 32.5, 31.

NICKEL—Advanced in more active conditions. Forward metal opened higher at £2,800, and then declined to £2,790 during the morning trading. After lunch the price quickly moved to £2,835, but this level attracted sellers and forward metal came back to £2,815. A further decline left the close on the late Kerb at £2,811.5. Turnover: 312 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2750-60	—12.5	2780-800	+35
3 months	2785-90	—19	2820-5	+35

Morning: Three months £2,790, 2,800, 2,795, 90. Afternoon: Three months £2,800, 05, 10, 15, 20, 25, 30, 35, 20, 25. Kerb: Three months £2,815.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

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CORAL INDEX: Close 488-493 (unchanged)

SILVER

Silver was fixed 0.6p an ounce lower for spot delivery in the London bullion market yesterday at £6.875. U.S. equivalents of the fixing levels were: Spot $16.28, down 9c; three-month $16.642, down 9.4c; six-month $17.05, down 8.4c; and 12-month $17.839, down 14.5c. The metal opened at £6.86-£6.93 ($16.25-$16.40) and closed at £6.71-£6.78 ($15.80-$15.95).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	687.50p	—0.60	675.5p	—29.7
3 months	713.50p	—0.60	702.0p	—21.5
6 months	735.30p	—0.70	—	......
12 months	776.30p	—2.7	—	......

LME—Turnover 73 (123) lots of 10,000 ozs. Morning: Three months 714. Kerbs: Untraded. Afternoon: Three months 702, 02.5, 02. Kerbs: Three months 697.

COTTON

LIVERPOOL—No spot or shipment *sales were recorded, leaving the total* for the week so far at 352 tonnes. Activity was on very restricted lines and few dealers were prepared to anticipate their needs. Inquiries centred mainly on African and Middle Eastern styles.

COCOA

Unchanged at the opening, futures plunged sharply during the afternoon and closed at life of contract lows, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	990-993	—28.0	1082-985
Sep	998-999	—38.0	1035-997
Dec	1054-58	—40.0	1074-54
March	1070-71	—48.0	1113-1070
May	1090-95	—48.0	1139-1092
July	1110-15	—45.0	1129-26
Sept	1127-30	—48.0	1167-50

Sales: 4,262 (2,220) lots of 10 tonnes.

COFFEE

Robusta prices fell £40-£45 from Tuesday's closing levels before recovering on some aggressive producer buying during the mid-morning, reports Drexel Burnham Lambert. A firm New York inspired a further rally in the afternoon and a steady tone was maintained despite heavy trade resistance. Rumours of a frost warning for the Brazilian coffee regions may have prompted some short-covering as values closed around the highs of a wide trading range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	1155-40	+26.0	1135-075
Sept	1205-07	+43.5	1208-121
Nov	1247-48	+52.5	1249-158
January	1280-84	+59.0	1285-175
March	1275-77	+83.0	1290-160
May	1280-20	+99.5	1260-180
July	1350-400	+60.0	—

Sales: 8,297 (15,060) lots of 5 tonnes.

ICO Indicator prices for July 29 (U.S. cents per pound). Other Mild Arabicas 134.33 (134.50). Robustas ICA 1979 131.25 (132.75). ICA 1968 131.50 (133.00). Unwashed Arabicas 207.50 (same). Comp. daily ICA 1968 162.72 (163.75).

GRAINS

LONDON GRAIN FUTURES—Grains opened 10p-20p up. Despite a quiet February market good shipper/commercial buying interest increased barley values in active trading to close 35p-55p higher. Wheat saw very quiet trading due to general lack of interest, reports Acli.

WHEAT			BARLEY	
Mnth	Yesterday close	+ or —	Yesterday close	+ or —
Sept.	96.65	+0.15	91.20	+0.40
Nov.	99.30	+0.20	95.45	+0.55
Jan.	105.20	+0.25	99.35	+0.35
Mar.	106.65	+0.15	102.75	+0.45
May.	109.85	+0.15	106.15	+0.55

Business done—Wheat: Sept. 95.55-95.55, Nov. 99.35-99.15, Jan. 103.20-103.05, March 106.55-106.50, May 110.00-109.90. Sales: 98 lots of 100 tonnes. Barley: Sept. 91.30-91.00, Nov. 95.50-95.25, Jan. 99.40-99.15, March 102.85-102.50, May 106.15-105.80. Sales: 316 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, July 98.50, Aug. 100, Sept. 100.50, transhipment East Coast, sellers. U.S. Hard Winter, 13½ per cent, July 95, Aug. 96.75, Sept. 100.50, transhipment East Coast, sellers. Maize: French Aug. 124, transhipment East Coast, sellers. S. African Yellow July-Aug. 80.00, sellers. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 85.50, E. Midlands 86.70, N. East 86.50, Scotland 80.00. The UK Monetary Coefficient for August 1-3 will be 0.983.

RUBBER

The London physical market opened easier, with good interest throughout the day, closing on a steadier note. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of 284.25 (288) cents a kilo and SMR 20 at 259 (260.5) cents (August).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Sept	58.10-58.50	57.50-57.80	—
Oct	58.00-59.30	55.50-55.10	—
Oct-Dec	59.20-60.50	59.00-58.70	59.50-59.20
Jan-Mar	63.50-63.60	63.30-63.40	63.90-62.80
Apr-Jne	67.00-67.10	65.40-65.50	67.00-65.50
Jly-Sept	69.50-70.00	69.20-69.60	69.00
Oct-Dec	72.50-72.50	71.50-71.90	—
Jan-Mar	74.70-74.90	74.20-74.50	74.90-75.50
Apl-Jne	77.50-77.60	76.70-76.90	77.50-75.60

Sales: 330 (231) at 15 tonnes.

Physical closing prices (buyer) were: Spot 55.50p (same); Sept. 50.50p (same); Oct. 51.00p (same).

SOYABEAN MEAL

The London market opened firm with gains of around £1.50 on commission house buying, reports T. G. Roddick. Prices found some resistance at higher levels from profit-taking but the underlying trend remained steady and prices closed with gains of £1.50-£2.00.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
August	115.50-14.5	+2.9	—
October	114.50-15.2	+1.50	115.50-14.00
December	118.50-19.0	+1.80	119.50-18.40
February	121.10-21.5	+2.10	122.00-21.00
April	122.50-22.9	+1.80	123.00-22.50
June	125.00-25.0	+1.75	—
August	124.00-27.0	+2.0	—

Sales: 245 (151) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £287.00 (£282.00) a tonne cif for July-Aug.-Sept. shipments. White sugar daily price was £319.00 (same).

News that Poland had declared a state of emergency in many provinces due to widespread flooding lifted the market some £2 at the opening. Buyers continued to press but found only scattered selling scale-up, and later heavier offerings developed, possibly associated with 59,750 tons of export licences granted by the EEC which blunted the advance. By the close prices had slipped back to around first traded levels, reports C. Czarnikow.

No. 4 Con. tract	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
Aug	301.00-305.0	290.80-298.0	301.00-292.0
Oct	315.00-315.7	313.00-314.0	322.00-308.0
Jan	330.00-331.0	325.00-326.0	333.50-321.0
Mch	336.00-338.2	332.00-333.0	342.25-325.0
May	336.00-339.0	328.50-330.5	338.50-333.7
Aug	327.50-328.0	325.00-326.0	330.00-328.0
Oct	319.00-320.2	316.50-316.0	—

Sales: 6,000 (3,718) lots of 50 tonnes.

No. 2 CONTRACT—Close (in order buyer, seller, business, sales). Aug. 291.00, 291.10, 297.00-288.00, 464; Oct. 327.00, 327.25, 329.00-317.50, 524. Sales: 988 (726).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £373.00 (£371.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for July 29: Daily price 28.54 (28.84): 15-day average 26.76 (26.70).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. 450.0, 452.0, 452.5-449.0, 56; Dec. 454.5, 455.0, 455.5-452.0, 51; March 462.0, 462.3, 462.0-459.0, 26; May 462.0, 463.0, 463.0-460.5, 31; July 464.5, 465.0, 465.5-464.5, 11; Oct. 465.0, 466.0, 465.0-465.0, 1; Dec. 465.0, 466.0, 466.0-464.0, 10. Sales: 196.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Aug. 358, 362, 360-359, 3; Oct. 361, 363, 361, 1; Dec. 360, 363, nil, nil; Jan. 363, 367, 366, 2; March 369, 371, 370-368, 15; May 369, 371, 369, 8; Aug. 372, 376, 374-372, 4; Oct. 372, 376, 373, 3; Dec. 372, 376, 374, 3. Sales: 39.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 30 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1770/1790	....	$1680/17
Copper			
Cash w'bar	£922	—14.5	£883
3 mths	£939.75	—15	£905.5
Cash Cathode	£890.5	—15.5	£881
3 mths	£916.5	—15	£888.5
Gold troy oz.	$650.5	—18	$623.5
Lead Cash	£342.5	—7.5	£337.5
3 mths	£356.5	—6	£345.75
Nickel	£3,248.35	....	£3,248.35
Freemkt (cif lb)	280/310c	....	280/310c
Platin'mtr'y oz	£188.50	....	£182.50
Free mkt	£275.90	—4.3	£296.20
Quicksilvert	$395/405	....	$380/400
Silver troy oz	687.50p	—0.60	738.0p
3 mths	715.50p	—0.60	761.0p
Tin Cash	£7,185	—30	£7,350
3 mths	£7,202.5	—10	£7,250
Tungsten 22.04lb	$142.65	....	$159.32
Wolfrm 22.04 lbs	$146/149	....	$145/146
Zinc cash	£298.25	—2.25	£302.5
3 months	£310.25	—2.25	£313.25
Producers	$720	....	$780
Oils			
Coconut (Phil.)	—	....	$636.50
Groundnut	—	....	‡
Linseed Crude	—	....	£400
Palm Malayan	—	....	$545
Seeds			
Copra Philip	—	....	$455
Soyabean (U.S.)	—	....	$281
Grains			
Barley Futures	£95.45	+0.55	£95.70
Maize			
French No3AM	‡	....	‡
Wheat			
No.1 Red Spg.	‡	....	‡
No3HardWint	£95	—0.5	£93.90
Eng. Milling	‡	....	‡
Other commodities			
Cocoa ship't	£1,044	—38	£1,116
Future Sept.	£998.5	—38	£1,060.5
Coffee F't Sept.	£1,806.5	+43.5	£1,484
Cotton A Index	90.50c	....	83c
Rubber (kilo)	55.50p	....	59.50p
Sugar (Raw)	£287	+5	£310
Wooltp's 64s kl.	288p kilo	....	299p kilo

u July-Aug. s Sept. w Aug. a July. z Indicator. § Buyer. † Per 76-lb flask.

Omissions from price tables on this Page are due to an industrial dispute at Reuter.

POTATOES

LONDON POTATO FUTURES—A very quiet market with some speculative buying of February and April in evidence, but little trade interest. Values dipped early to 20p down but rose again to close at the highs, reports Coley and Harper. Closing prices: Nov. 40.60, unchanged (40.60 one trade); Feb. 47.70, +10 (high 47.70, low 47.40); April 54.60, +10 (high 54.60, low 54.40). Turnover 21 (51) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 62.0 to 67.0; Eire hindquarters 70.5 to 73.5, forequarters 38.0 to 41.5. Veal: Dutch hinds and ends 98.0 to 104.0. Lamb: English, small 58.6 to 63.5, medium 56.0 to 59.0, heavy 53.0 to 56.0. Imported frozen: NZ PL 60.0 to 60.5, PM 55.0 to 56.0. Pork: English, under 100 lb 42.0 to 49.0, 100-120 lb 39.0 to 47.5, 120-160 lb 38.0 to 45.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 30. GB cattle 73.27p per kg lw (−1.34): UK sheep 127.16p per kg est dcw (−7.75): GB pigs 62.28p per kg lw (−5.17).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. *Imported produce:* Oranges—Brazilian: Navels 2.00-2.50; Moroccan: 54/113s 5.50-5.40; Californian Sunkist: Valencia Lates 72/113s 4.50-6.00; Outspan: Protea/Navels 3.00-5.55; Jaffa: 144/168s 1.25-2.00. Lemons—Italian: 100/150s 4.50-4.80; Spanish: Trays 25/45s 1.80-2.40, boxes 4.50-6.00; Outspan: Trays 35s 3.00. Grapefruit—Outspan: Marsh Seedless 3.90-5.00. Tangerines—Brazilian: Honey 80/125s per box 7.00. Apples—Tasmanian: Sturmer Pippin 14.00, Democrat 11.50-12.00; Victorian: Yates 12.50, Granny Smith 14.00; Spanish: Golden Delicious 11.00-12.00; Golden Delicious 138/198s 11.00-12.00. Chilean: Richared 11.20; S. African: Golden Delicious 15.00, Granny Smith 14.00-15.00; Dutch: 22-lb Golden Delicious 4.40; French: 40-lb boxes, 20-lb 5.50-6.80. Pears—Spanish: Per pound Limonera 0.13; French: Guyot, 28-lb 4.60-4.80. Peaches—Italian: 1½-trays 2.80-3.80; French: 2.00-2.50. Nectarines—Italian: 5.00-7.00. Plums—Spanish: Santa Rosa 2.00-2.80, Coq d'Oro 3.00. Apricots—Greek: 4.50-5.00, Hungarian: 3.30. Grapes—Per pound Cyprus: Cardinal 0.30, Sultana 0.40.

English produce: Potatoes—Per bag, new 1.00-1.30. Mushrooms—Per pound 0.30-0.50. Apples—Per pound Grenadiers 0.19-0.18, Miller's Seedling 0.25, George Cave 0.24. Strawberries—English per ½-lb 0.20-0.30. Cabbages—Per bag 1.40-1.50. Cauliflowers—Per 12's English 2.20-2.50. Peas—Per pound 0.10-0.14. Broad Beans—Per pound 0.10. Beetroots—Per bag 1.20. Cucumbers—Trays 10/20s 2.20-2.60. Tomatoes—Per 12-lb 1.80-2.20. Lettuce—Per pound round 1.40, Cos 1.80, Webbs 1.80. Carrots—New crop 28-lb 1.40-1.80. Onions—Per bag 3.50-4.20. Celery—English 18/28 4.40-5.00. Cherries—Per pound 0.30-0.35. Marrows—Each 0.10-0.12. Capsicums—Per pound 0.30. Runner Beans—Per pound 0.25-0.40. Swedes—Per 28-lb 1.50. Courgettes—Per pound 0.15-0.18.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.40, codlings £2.80-£4.00. Large haddock £4.00, medium £3.00-£3.30, small £4.00. Large plaice £4.60-£4.80, medium £3.80-£4.70, best small £3.00-£4.30. Skinned dogfish (large) £8.00, medium £3.50-£6.00. Lemon soles (large) £8.50, medium £7.50. Rockfish £2.60-£2.80.

AMERICAN MARKETS

NEW YORK, July 30.

A DAY of heavy profit-taking and technical selling with no change in fundamentals. The cattle markets were sharply lower on slow demand while hogs were mixed. Grains, soybeans and sugar ran into late selling, as did cotton, resulting in mixed closes. Short-covering by commission houses rallied the coffee market. Origin selling of cocoa put the market under heavy pressure in nearby months. Gold and silver sold off sharply on the strength of the U.S. dollar and improved balance of payments, reported Heinold.

Potatoes (round whites)—Nov. 85.3-85.5 (85.0), March 111.0 (111.5), April 135.9-136.5.

Sugar—No. 11: Sept. 29.75-29.90 (30.40), Oct. 30.30-30.50 (31.33), Jan. 31.10, March 31.75-31.95, May 31.30-31.60, July 30.80-31.00, Sept. 30.07-30.10, Oct. 29.80-30.00.

Tin—769.25-780.00 asked (775.00-784.00).

CHICAGO, July 30.

Lard—Chicago loose 23.00 (same). New York prime steam unavailable.

Live Cattle—Aug. 72.42-72.35 (73.85), Oct. 70.00-69.90 (71.35), Dec. 69.90-69.80, Jan. 70.60, Feb. 70.80-70.62, April 71.55-71.85, June 72.60-72.65.

Live Hogs—Aug. 44.25-44.70 (44.35), Oct. 42.30-42.20 (42.47), Dec. 45.65-45.75, Feb. 48.60-48.50, April 47.50, June 49.50, July 50.80-50.65, Aug. 50.60, Oct. 51.00.

‡‡Maize—Sept. 325-325½ (326¼), Dec. 332¼-331¾ (334), March 340¾-341, May 346¾, July 348½-348¾, Sept. 344½.

Pork Bellies — Aug. 40.25-40.60 (41.45), Feb. 56.75-56.40 (57.30), March 57.10-56.90, May 57.30, July 57.25, Aug. 59.60.

Silver—Aug. 1564.0-1565.0 (1612.5), Sept. —— (1627.5), Oct. 1586.0, Dec. 1616.5, Feb. 1647.0, April 1679.0, June 1711.0, Aug. 1743.0, Oct. 1775.0, Dec. 1807.0, Feb. 1840.0, April 1873.0, June 1906.0, Aug. 1939.0, Oct. 1972.0, Nov. ——.

†Soyabeans—Aug. 742½-744½ (753½), Sept. 753-754½ (762½), Nov. 771-768, Jan. 782-781, March 794-795, May 793-791, July 799, Aug. 797.

‖Soyabean Meal—Aug. 20.34-20.30 (20.38), Sept. 20.60 (20.70), Oct. 20.90-20.86, Dec. 21.40-21.35, Jan. 21.60, March 21.80, May 21.95-22.00, July 22.20, Aug. 22.20, Sept. 22.20-22.25.

Soyabean Oil — Aug. 26.65-26.55 (26.98), Sept. 26.90 (27.32), Oct. 26.95, Dec. 27.25-27.20, Jan. 27.15, March 27.30-27.35, May 27.40, July 27.50, Aug. 27.45-27.55, Sept. 27.45-27.55.

†Wheat—Sept. 454-455 (456¾), Dec. 471-472 (473¾), March 481½-482, May 483½, July 481, Sept. 489.

WINNIPEG, July 30. §Barley—July 141.60 (141.10), Oct. 137.10 (136.00), Dec. 135.00, March 135.00, May 136.10.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, July 30.

Wheat—U.S. No. 2 Dark Hard Winter, 13.5 per cent, July $205, Aug. $208, Sept. $211, Oct. $212, Nov. $213, Dec. $214. U.S. No. 2 Red Winter, Aug. $199, Sept. $201, Oct. $203. U.S. No. 2 Northern Spring, 14 per cent, July $215, Aug. $213, Sept. $216, Oct. $220, Nov. $223.

Maize—Spot $163, afloat $159.50, July $160, Aug. $158.50, Sept. $158.75, Oct.-Dec. $163, Jan.-March $169.50.

Barley—Aug. $171.50, Sept. $173.50, Oct. $175.50.

Soyabeans—U.S. Two Yellow Gulfports, Aug. $307, Sept. $312.50, Oct. $318, Nov. $313.50, Dec. $323, Jan. $327 sellers, $325 bid, Feb. $331.25, March $332.75, April-May $333.50 sellers, Nov. $317, Dec. $322.50. Argentina July $294.50, Aug. $297, Sept. $302 sellers.

Soyameal—44 per cent protein U.S., Aug. $249, Sept. $253, Oct. $258-$259 traded, afloat July $244, Nov.-March $268 sellers. Brazil Pellets July $261, Aug. $266, Sept. $270, Oct. $273.50, Nov.-March $281.50 sellers.

PARIS, July 30.

Cocoa (FFr per 100 kilos)—July 980, Sept. 925-940, Dec. 990-995, March 1020-1050, May 1045-1065, July 1055-1075. Sales at call 8.

Sugar (FFr per 100 kilos)—Oct. 3110-3116, Nov. 3180, Dec. 3135-3145, March 3245-3270, May 3210, July 3200, Aug. 3180, Oct. 3160. Sales at call 2.

INDICES

FINANCIAL TIMES

July 29	July 28	M'nth ago	Year ago
272.60	272.81	268.85	273.74

(Base: July 1, 1952=100)

MOODY'S

July 29	July 28	M'nth ago	Year ago
1209.5	1201.0	1175.9	1059.2

(December 31, 1931=100)

DOW JONES

Dow Jones	July 29	July 28	Month ago	Year ago
Spot	433.41	437.76	427.20	393.99
F'tur's	445.48	445.31	441.38	404.53

(Average 1924-25-26=100)

REUTERS

July 29	July 28	M'nth ago	Year ago
1698.7	1696.8	1686.1	1525.1

(Base: September 18, 1931=100)

Gilts vulnerable to fresh foreign and domestic selling
Properties respond to revived hopes of MLR cut

Account Dealing Dates
Options

*First Dealings	Declara-tions	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 4
July 28	Aug. 7	Aug. 8	Aug. 18
Aug. 11	Aug. 28	Aug. 29	Sept. 8

* "New time" dealings may take place from 9 am two business days earlier.

Overseas investors in Government stock yesterday again realised prefits which accrued during the market's strong advance earlier this month. Yesterday's offerings met only teken resistance and were accompanied by further selling by ever-extended domestic buyers to ensure another downturn in values. Falls at the close were less than en Tuesday, but still ranged to ½ among longer-dated issues.

Domestic institutions continued te be restricted by a shortage of funds, well illustrated by this week's acute credit tightness in money markets. A further £1.5bn is due te be taken out of the system ever the next three weeks even in the absence of more Government funding, and traders in gilts were of the opinion that the market beld little scope for short-term appreciation as its recent strength probably discounted a fall in Minimum Lending Rate of perhaps three or four points.

The chance of a cut in MLR today was rated at slight odds-on and induced renewed support of Properties which provided one of the firmest secters in the House. Enthusiasm for equities was otherwise dampened by the CBI's warning ef deeper recession in the Autumn, although one or two Electricals and, particularly Racal Electronics, found further institutional support.

The overall apathy of trade was measured by tetal bargains of 19,636, the lowest figure since June 11, while the disposition for leading shares to continue the recent phase ef consolidation was reflected in the FT Industrial Ordinary share index: the index was held within a band of a mere 0.5 throughout efficial dealings and closed a point down at 488.7; the closing level was 14.4 dewn en the 1980 high of 503.1 recorded two weeks ago.

The subdued performance of the underlying securities was reflected in Traded eptions which attracted only 460 trades — the lowest since late May. Lonrhe, with 158 deals arranged, again made a large centribution to the day's business.

FNFC firm

A firm market of late, FNFC continued to make goed progress with buying fuelled by takeever suggestions prompting a fresh improvement of a penny to 28½p, after 29p: the Warrants rose a similar amount te 5p and the 9½ per cent Convertible 1982 advanced 6 points to £115. Elsewhere in Hire Purchases, which have been good recently en cheaper money hopes, F. C. Finance gained 7 to 92p in a thin market.

Comment on the Interim results helped NatWest pick up 2 more te 355p in otherwise lethargic home banks. Manson Finance improved 2 to 46p on further consideratien of the results but Hill Samuel softened 2 to 138p.

Narrow mixed price movements were the order of the day in Insurances. Stenheuse hardened 2 to 89p following Press comment and General Accident added 4 te 328p. Reyals edged forward 2 te 397p; the group is to increase its car premium rates by an average 16 per cent from October 1.

Leading Building descriptiens clesed narrowly mixed after a subdued day's trading. Blue Circle eased 2 to 384p, but Tarmac hardened that much to 267p and BPB added 3 to a 1980 peak ef 252p. Buying ahead of next week's interim results left Taylor Woodrow 8 higher at 487p, while Wimpey impreved 1½ to 85½p. Still reflecting the company's stake in County and District, Newarthill picked up 15 to 300p in a thin market, while Barratt Developments firmed 2 te 118p, the latter on hepes of an early cut in mortgage rate. Burnett and Hallamshire rose 20 to a 1980 peak ef 795p on the company's coal interests, while J. Jarvis added a couple of pence to 126p in response to the preliminary results. Timbers trended easier, Internatienal losing the turn to 105p and Mentague L. Meyer shedding 3 te 84p.

Quietly firm conditions persisted in the Chemical sector, ICI hardening a couple ef pence to 374p. Similar gains were marked against Leigh Interests, 182p, and Rentokil, 160p.

Polly Peck jump

Secondary issues again provided most of the interest among Stores. Revived support was noted fer Pelly Peck, 14 better at 122p, while Lee Ceeper continued to attract speculaive buying and rose 6 more to 130p. Harris Queensway firmed a couple of pence te 144p. Dull recently following the auditor's qualification ef the accounts, Cope Sportswear picked up a penny te 17p. The leaders generally closed with medest gains in the absence of sellers. British Home rose 3 to a 1980 peak of 163p, while House ef Fraser, still buoyed by bid hopes, picked up a similar ameunt te 144p. Marks and Spencer, 98p, Gut A, 440p, and UDS, 73p all added 2.

Racal and GEC again came in fer some good institutional support in a generally firm Electrical sector; the fermer improved steadily te close 12 higher at 282p, while the latter finished 6 dearer at 484p. Thorn EMI rose 4 te 34p fellowing the anneuncement that it is te sell EMI's hetel and restaurant divisien te Scottish and ewNcastle Breweries fer £23m cash: S. and N. clesed 2½ better at 64p. Elsewhere, Automated Security advanced 20 to 335p en an investment recommendation, while Muirhead put en 7 to 126p. Sold heavily of late fellowing peor interim figures, Eurotherm revived with an improvement of 7 te 300n.

Ahead of next Wednesday's Interim results, Tubes were friendless at 260p, down S. Hawker shed 4 te 226p but John Brown hardened a penny to 61½p with sentiment in the latter still helped by the cheerful statement on prospects which accompanied the results. Elsewhere in Engineers, compensation hopes remained the spur fer Yarrow which closed 10 better at 290p and, still reflecting an investment recommendatien, Anderson Strathclyde gained 3 te 94p. Hill and Smith alse put on 3, to 48p as did Simon, to 278e.

Most movements in Foods favoured holders. J. Sainsbury, 439p, and Associated Dairies, 204p, both firmed 4, while William Morrisen put on 6 te 157p. Revived support left Rowntree Mackintosh 4 to the geod at 154p and Unigate 2 better at 130p.

Among Hotels and Caterers, Ladbroke rose 3 for a two-day gain of 7 to 170p, but Grand Metropolitan finished a net penny off at 155p, after 157.

Reed dip and rally

Extremely poor first quarter profits brought about a swift reaction in Reed Internatienal which fell from an initial firm level of 199p to 182p before rallying to close only a net 3 easier at 191p. Bowater fell 5 to 179p in sympathy, while other miscellaneous industrial leaders plotted an irregular course in thin trading. Elsewhere, reflecting increasing speculation concerning Rothschild's 26 per cent stake, Royal Wercester were further supported up to 315p for a rise ef 13, while National Carbonising rose 11 to 145p en consideration ef the company's North Sea interests. Thomas Jourdan added 8 te 70p en the bumper profits and Hoover put on 5 to 182p on buying ahead ef Wednesday's interim results. Speculative suppert lifted Initial Services 11 more to 192p and Aeronautical and General, recently favoured fellewing good results, added 14 afresh to 352p. De La Rue put en 15 to 815p as did Ricarde, to 445p, while Brady Industries "A" moved up 6 to 48p en further consideration ef the profits recovery. Jehnson Matthey added 8 to 385p and Henry Boot appreciated 7 to 175p. Prestige, en the ether band, gave up a penny te 138p following the balf-year statement.

Campari drepped 7 te 55p, after 54p, following the announcement of the chairman's death and the family's decisien to retain its substantial interest in the company. Elsewhere in the Leisure sector, Coral lest 3 te 64p, but Pleasurama revived with a gain of 4 at 161p.

Motor Components again displayed an irregular appearance. Dowty firmed 8 for a two-day gain of 15 to 234p, while Lucas gained 5 to 214p. Associated Engineering bardened 1½ te 64½p, but Dunlop lost the turn to 76p and Flight Refuelling eased 2 more to 268p. Among Distributors, Lex Service held at 77½p in front of today's balf-timer, bot Henlys attracted renewed speculative demand and jumped 7 te 92p.

News International were again wanted and rose 7 for a three-day rise ef 20 at 195p. Daily Mail "A" added 3 te 478p, but Associated Newspapers gave up 5 to 270p.

Hopes of cheaper meney in the near future continued to buoy Properties, but business was quieter than of late. Land Securities hardened a couple of pence te 370p and MEPC 3 to 234p. British Land also improved 3, to 95p; UK Property, for which BL made an agreed bid last week, rose 2½ to 54½p in sympathy. Capital and Counties improved 2 to 116p; the Kuwait Investment Office bas acquired a 6.3 per cent stake in the company. Following the preliminary results and proposed 50 per cent scrip issue, Stock Conversion held a rise ef 2 te 445p. Elsewhere, Preperty Security Investment came in for support and rose 10 te 218p, while London Shep Property and M. P. Kent added 4 apiece te 101p and 68p respectively. Buying ahead ef today's interim results left Beaumont 3 firmer at 141p, while Brixton Estates gained 5 to 143p and Angle Metropelitan put on 4 to 78p.

Oils subdued

The Oil sector displayed irregular movements following a slew business, hut some secondary issues rallied a few pence. In the leaders, British Petroleum shed 2 to 348p, but Shell closed unchanged at 412p, after 410p. Lasme attracted late support and gained 10 to 695p, while Century picked up 8 to 168p and Berkeley Expleration rallied 7 further to 195p. Sovereign, en the ether band, eased 3 to 270p and Aran Energy 2 to 442p. Strata Oil gave up 15 to 111p

Seme rare excitement in Textiles was provided by Ceurtaulds' move to mop up minority interests in two subsidiary companies; Macanie rose 7 to match the offer terms of 30p per share, while Kayser Bendor jumped 36 to 98p, a sbade below the 100p offer price. Ceurtaulds eased a couple ef pence te 66p.

Golds disappoint

Mining issues generally lost gronnd yesterday in line with the fall of $18 to $630.5 in the bullion price. The Geld Mines index lost 7.1 te 376.7. The exceptions were mostly confined to Tins, where the companies involved in the Malaysia Mining Corporation merger all gained ground.

South African Golds also met profit-taking after Tuesday's rises. Among the beavyweights, President Steyn lost ⅞ to £20, Kloof and West Driefontein each gave up ⅜ to £14 and £37⅞ respectively, and Hartebeestfontein lost ½ to £29½. The lower-priced issues also lost ground, led by Welkom and Stilfontein, both down 20 to 830p and 886p respectively, and Ventersdost, Blyvoer and Doornfontein, all of which dipped 10 to 686p, 707p and 833p respectively. Elandsrand provided an exception bere, moving up 21 to a 1980 high of 560p.

South African Financials drifted eff in line with the Golds, with Gencor worst hit at 840p, down 40p. Anglo American at 685p, lost 15 of the previeus day's rise of 20, while UC Investments, at 570p, lost all of Tuesday's gain of 15 which fellowed the results. Gold Fields of South Africa shed ⅜ to £33¾ and "Johnnies" finisbed a similar ameunt lower at £26½.

London Financials lost ground in sympathy, led by Consolidated Gold Fields, down 20 at 505p, and Charter Consolidated, 7 lower at 208p. Platinums gave np more of their recent gains, with Impala and Rustenburg both 8 lower at 328p and 240p respectively.

Tins were again better, with rises of 70 to 900p in Malayan, 60 to 620p in Seuthern Malayan and 40 te 290p in Kilinghall—all to 1980 highs.

FINANCIAL TIMES STOCK INDICES

—	July 30	July 29	July 28	July 25	July 24	July 23	A year ago
Government Secs.	71.43	71.81	72.26	73.16	73.24	72.49	72.50
Fixed Interest	73.36	73.57	73.63	74.07	74.08	73.83	73.42
Industrial	488.7	489.7	485.9	487.3	487.0	466.0	456.8
Gold Mines	376.7	383.8	378.1	383.6	377.2	379.7	148.6
Ord. Div. Yield	7.43	7.41	7.49	7.46	7.44	7.45	7.01
Earnings, Yld. % (full)	17.78	17.76	17.94	18.09	18.05	18.09	17.91
P/E Ratio(net) (*)	6.78	6.79	6.72	6.66	6.67	6.86	7.06
Total Bargains	19,636	20,026	90,719	23,698	23,656	22,865	—
Equity turnover £m.	—	102.86	96.17	141.13	129.95	169.83	74.32
Equity bargains total	—	14,907	15,052	17,758	16,193	16,616	10,350

10 am 489.7. 11 am 489.8. Noon 489.8. 1 pm 489.7, 2 pm 490.1. 3 pm 490.0.

Latest Index 01-246 8026.

* Nil = 6.32.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	78.54 (21/7)	63.86 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	503.1 (18/7)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	383.8 (29/7)	288.6 (18/3)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

	July 30	July 29
—Daily		
Gilt Edged	133.9	184.9
Industrials	97.5	98.0
Speculative	43.6	27.8
Totals	74.6	78.5
5-day Avrge.		
Gilt Edged	119.3	118.0
Industrials	103.9	109.4
Speculative	37.8	36.0
Totals	76.4	77.4

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (108)

LOANS (1)
AMERICANS (9)
BANKS (5)
BUILDINGS (9)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (5)
ENGINEERING (5)
FOODS (1)
HOTELS (1)
INDUSTRIALS (19)
INSURANCE (2)
MOTORS (1)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (24)
TRUSTS (8)
OVERSEAS TRADERS (3)
RUBBERS (1)
MINES (5)

NEW LOWS (13)

BRITISH FUNDS (1)
Treasury 11½pc '91 'A' (£20 pd.)
FOREIGN BONDS (3)
Chinese 4½pc 1898 Do. 5pc 1925 Boxer
Do. 5pc 1912
ENGINEERING (3)
Barton & Sons Ratcliffs (G. B.)
Edbro (Hldgs.)
INDUSTRIALS (3)
Carlton Inds. Neil & Spencer
Denbyware
NEWSPAPERS (1)
Websters
SHIPPING (1)
Mersey Dock Units
OIL & GAS (1)
SASOL

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	73	19
Corpns., Dom. and Foreign Bonds	2	29	35
Industrials	251	135	1,009
Financial and Prop.	155	58	283
Oils	19	10	27
Plantations	7	2	18
Mines	29	66	64
Others	77	16	76
Totals	542	389	1,529

LEADERS AND LAGGARDS

Percentage changes since December 31, 1979, based on Tuesday, July 29.

Merchant Banks	+57.87	Mechanical Engineering	+21.30
Hire Purchase	+50.74	Other Groups	+21.21
Mining Finance	+49.10	Stores	+19.72
Insurance (Life)	+47.79	500-Share Index	+19.72
Electricals	+46.19	Food Retailing	+18.71
Gold Mines FT	+42.89	Metal and Metal Forming	+18.60
Shipping	+40.93	Pharmaceutical Products	+17.89
Property	+39.58	Packaging and Paper	+15.12
Discount Houses	+37.85	Engineering Contractors	+15.68
Electronics, Radio and TV	+38.51	Breweries	+15.28
Investment Trusts	+34.37	Newspapers and Publishing	+14.41
Building Materials	+33.46	Chemicals	+13.81
Capital Goods Group	+31.63	Oils	+13.69
Insurance (Composite)	+29.97	Tobaccos	+13.51
Contracting and Construction	+28.63	Consumer Goods (Non-Durable) Group	+12.75
Financial Group	+26.77	Food Manufacturing	+11.88
Insurance Brokers	+25.83	Wines and Spirits	+ 9.12
Overseas Traders	+23.80	Banks	+ 2.30
Consumer Goods (Durables) Group	+22.75	Office Equipment	+ 0.85
All-Share Index	+22.62	Textiles	+ 0.19
Entertainment and Catering	+22.52	Motors and Distributors	− 0.69
Industrial Group	+21.33	Household Goods	−14.60
		Toys and Games	−44.25

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., July 30, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., July 29 Index No.	Mon., July 28 Index No.	Fri., July 25 Index No.	Thur., July 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	282.42	+0.5	16.38	5.82	7.38	280.92	277.70	278.25	278.79	234.69
2	Building Materials (28)	264.80	+0.1	17.43	6.33	6.74	264.51	262.69	263.04	262.82	219.16
3	Contracting, Construction (27)	422.50	+1.1	21.76	5.75	5.48	417.70	415.40	415.22	413.88	346.69
4	Electricals (16)	810.83	+0.9	12.13	3.25	10.22	803.55	790.05	793.84	797.65	577.28
5	Engineering Contractors (11)	335.10	+0.7	20.26	7.77	6.19	332.76	329.95	330.24	327.90	365.80
6	Mechanical Engineering (74)	182.09	+0.2	17.42	7.29	6.99	181.68	179.51	180.00	180.50	171.19
8	Metals and Metal Forming (16)	172.22	+0.2	21.05	9.85	5.67	171.85	170.74	169.77	170.17	157.02
	CONSUMER GOODS										
11	(DURABLE) (49)	237.37	+1.6	13.99	5.51	8.59	233.70	228.91	229.85	229.69	222.41
12	Lt. Electronics, Radio, TV (14)	356.09	+1.8	10.78	3.96	11.38	349.64	340.76	341.59	341.51	310.44
13	Household Goods (14)	100.21	+0.8	24.18	10.53	5.22	99.41	97.39	97.18	97.38	147.27
14	Motors and Distributors (21)	103.77	+0.8	22.36	9.52	5.16	102.90	102.42	103.52	103.24	109.23
	CONSUMER GOODS										
21	(NON DURABLES) (172)	235.88	+0.4	17.57	6.85	6.88	234.87	233.31	234.10	234.77	229.93
22	Breweries (14)	286.31	+0.4	15.84	6.43	7.37	285.07	284.22	284.07	285.76	274.05
23	Wines and Spirits (6)	321.35	+0.5	18.88	6.34	6.23	319.87	317.60	317.60	315.91	323.43
24	Entertainment, Catering (17)	333.93	−0.3	17.29	6.70	7.17	335.05	334.37	335.75	335.84	297.50
25	Food Manufacturers (21)	213.33	+0.3	19.06	7.03	6.16	212.77	212.21	213.23	214.59	196.93
26	Food Retailing (13)	352.96	+1.1	11.95	4.48	9.98	349.09	346.27	346.89	347.01	298.36
32	Newspapers, Publishing (13)	441.71	+0.5	21.61	6.62	6.25	439.56	434.40	434.63	441.44	392.52
33	Packaging and Paper (15)	132.06	−1.3	27.06	9.91	4.29	133.83	132.07	132.71	136.79	121.95
34	Stores (45)	231.50	+1.1	13.63	5.43	9.57	228.87	226.30	227.72	227.52	235.60
35	Textiles (21)	125.08	−0.6	26.28	12.63	4.63	125.79	125.78	126.32	126.37	150.04
36	Tobaccos (3)	225.35	−0.2	25.47	10.33	4.47	225.85	224.87	224.38	223.70	239.73
37	Toys and Games (5)	27.06	+2.0	8.31	14.09	27.83	26.53	26.16	26.16	26.16	66.74
41	OTHER GROUPS (99)	227.49	+0.3	16.17	6.81	7.35	226.89	225.96	226.25	227.59	192.63
42	Chemicals (16)	317.29	+0.4	19.56	7.59	5.86	316.05	315.48	315.94	318.38	266.64
43	Pharmaceutical Products (7)	227.46	−0.6	11.12	6.09	11.12	228.75	229.09	229.36	231.89	211.55
44	Office Equipment (6)	106.20	+1.5	19.07	7.81	6.12	104.65	104.04	103.82	104.15	115.67
45	Shipping (10)	596.55	−0.2	12.87	5.92	9.48	597.70	590.12	590.18	600.97	442.37
46	Miscellaneous (60)	287.32	+0.5	15.58	6.43	7.87	286.02	284.01	284.56	284.45	229.36
49	INDUSTRIAL GROUP (492)	253.26	+0.5	16.67	6.46	7.22	252.00	249.90	250.54	251.31	228.42
51	Oils (8)	789.94	−0.2	29.11	6.50	3.79	791.75	788.58	787.29	796.53	633.75
59	500 SHARE INDEX	295.87	+0.4	19.17	6.47	6.11	294.83	292.63	293.14	294.25	261.16
61	FINANCIAL GROUP (118)	231.92	+0.3	—	5.50	—	231.18	228.96	229.70	233.26	182.22
62	Banks (6)	225.72	+0.1	44.84	7.45	2.65	225.40	224.70	227.69	236.61	216.39
63	Discount Houses (10)	300.06	−0.7	—	5.91	—	302.31	298.41	298.69	298.14	251.65
64	Hire Purchase (5)	249.32	—	12.43	4.01	10.49	249.22	247.79	247.06	253.41	158.89
65	Insurance (Life) (10)	230.84	−0.1	—	5.52	—	231.11	229.67	229.74	232.65	145.07
66	Insurance (Composite) (9)	157.62	+0.4	—	6.83	—	156.92	154.35	154.54	156.80	119.49
67	Insurance Brokers (9)	340.25	+1.1	13.66	6.78	10.06	336.67	332.72	332.84	343.83	242.16
68	Merchant Banks (12)	141.37	−0.2	—	5.02	—	141.69	141.20	141.65	140.56	94.72
69	Property (45)	445.62	+0.8	3.20	2.63	43.38	442.08	435.70	434.38	435.59	346.75
70	Miscellaneous (12)	140.84	−0.5	14.69	6.23	8.66	141.59	141.69	143.16	142.23	112.81
71	Investment Trusts (109)	259.25	+0.2	—	5.48	—	258.65	258.75	262.59	263.76	201.37
81	Mining Finance (4)	237.47	−1.7	11.37	4.16	10.61	241.47	241.47	242.85	243.84	113.43
91	Overseas Traders (19)	414.60	+0.8	12.13	7.15	9.94	411.49	413.63	408.94	415.38	322.30
99	ALL-SHARE INDEX (750)	282.56	+0.3	—	6.18	—	281.76	279.82	280.55	282.51	238.31

FIXED INTEREST PRICE INDICES

	British Government	Wed., July 30	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.47	−0.08	—	6.05
2	5-15 years	113.63	−0.38	—	8.31
3	Over 15 years	121.21	−0.38	—	7.78
4	Irredeemables	134.12	−0.79	—	7.24
5	All stocks	113.55	−0.29	—	7.21

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Wed., July 30	Tues., July 29	Year ago (approx.)
1	Low Coupons	5 years	11.49	11.43	10.31
2		15 years	11.46	11.39	10.74
3		25 years	11.46	11.39	11.16
4	Medium Coupons	5 years	12.88	12.80	12.38
5		15 years	12.77	12.70	12.29
6		25 years	12.67	12.61	12.21
7	High Coupons	5 years	13.80	12.96	12.59
8		15 years	13.14	13.07	12.59
9		25 years	12.90	12.84	12.59
10	Irredeemables		11.00	10.91	10.73

		Wed., July 31 Index No.	Wed., July 31 Yield %	Tues. July 29	Mon. July 28	Fri. July 25	Thur. July 24	Wed. July 23	Tues. July 22	Mon. July 21	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	55.65	†13.33	55.52	55.52	56.46	55.45	54.61	54.67	54.46	68.15
16	Investment Trust Prefs. (15)	50.94	13.25	50.94	50.94	50.94	50.94	51.28	51.28	51.63	56.93
17	Coml. and Indl. Prefs. (20)	68.51	13.11	68.55	68.56	68.30	68.10	68.25	68.25	68.10	72.46

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
First Nat. Finance	10p	7	28½	+ 1	29	9½
GEC	25p	6	484	+ 6	494	326
Racal Electronics	25p	6	282	+12	290	175
Rank Org.	25p	6	174	+ 4	228	168
Reed Intl.	£1	6	191	− 3	215	163
BP	25p	5	348	− 2	412	320
Burmah Oil	£1	5	201	+ 2	249	162
ICI	£1	5	374	+ 2	402	348
LASMO	25p	5	695	+10	830	337
Marks & Spencer	25p	5	98	+ 2	98	77
NatWest Bank	£1	5	355	+ 2	390	305
RTZ	25p	5	463	− 2	465	327
Shell Transport	25p	5	412	—	432	314
Tarmac	50p	5	267	+ 2	267	183
Thorn EMI	25p	5	346	+ 4	348	260

OPTIONS

First Dealing	Last Dealing	Last Declaration	For Settlement
July 21	Aug. 1	Oct. 23	Nov. 3
Aug. 4	Aug. 15	Nov. 6	Nov. 17
Aug. 18	Aug. 29	Nov. 20	Dec. 1

For rate indications see end of Share Information Service

Calls were done in Woodside, Feedex, Racal, Raglan Properties, BSG, Target Petroleum, William Press, Derritron, Lonrho, Higgs and Hill, FNFC, Barratt Developments, KCA, Carless Capel, Muirhead, Edinburgh American Investment Trust, Johnson Group Cleaners and BSR. Puts were arranged in FNFC, Grand Metropolitan and International Thomson, while double options were taken out in Turner and Newall, Raglan Properties, Dunlop, FNFC, Lonrhe, Kleinwort Benson and John Brown.

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (b)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.(a)(c)(g)

Baring Brothers & Co., Ltd.(a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.(a)

Brown Shipley & Co. Ltd.(a)(g)

Canada Life Unit Trst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.(a)(c)

Carr, Sebag Unit Trust Managers(a)

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.(a)(g)

Chesterton Fund Managers(g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.(a)(b)(c)

F. Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(b)(c)

Hill Samuel Unit Tst. Mgrs.(a)

Investment Intelligence Ltd.(a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.(a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.(a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmt. Ltd.

Murray Johnstone U.T. Mgmt.(a)

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.(a)

National Westminster(a)

NEL Trust Managers Ltd.(a)(g)

Northgate Unit Trust Managers Ltd.(c)(y)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.(a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.(a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd.(a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Saturn Fund Management Limited

Save & Prosper Group

For Schlesinger Trust see Britannia/Schlesinger

J. Henry Schroder Wagg & Co. Ltd.(a)(c)

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.(a)

Sun Alliance Fund Mangt. Ltd.

Target Tst. Mngrs. Ltd.(a)(g)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank(a)

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Clerical Medical Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London & Manchester Ass. Gp.

London Indemnity & Gnl. Ins. Co. Ltd

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provident Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions(a)(b)(c)

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia/Schlesinger

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Schlesinger International Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

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The English Association

Eurobond Holdings N.V.

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First Viking Commodity Trusts

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Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Guinness Mahon Fd. Mgrs. (Guernsey)

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Contd.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

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هكذا من الأصل

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INDUSTRIALS—Continued

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	22	......	—	—	—
24	12	ACM 20c	21	......	—	—	—
106	52½	Bond Corp.	106	+3	hQ2.8c	2.2	1.4
156	88	Bougainville I Kina	127	−1	[illegible]	1.8	11.4
265	195	B H South 50c	200	......	—	—	—

Tins

Copper

Miscellaneous

NOTES

REGIONAL MARKETS

OPTIONS

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"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Thursday July 31 1980

SETBACKS IN TWO STATE INDUSTRIES

Shipbuilders over cash limit

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS has warned the Government that it will exceed its external financing limit of £120m in the current year by around £60m. A holding statement acknowledging that the Government is reconsidering the shipyards' financial position is expected soon, possibly today.

British Shipbuilders made a trading loss of £109.9m in the year to the end of March 1980, which was marginally above the £100m loss limit set by the Government last July.

The financial targets for the current year, which were imposed at the same time last year, are considerably tougher and limit the effective trading loss to £35m after crediting Intervention Fund assistance.

British Shipbuilders is no longer able to meet its 1980-81 financial limits and as a result the 1979-80 annual report and accounts, published yesterday, have been qualified by the auditors.

They say that the accounts have been drawn up on the basis that adequate financial support will continue to be made available. However, this is dependent on the outcome of the negotiations between the Government and British Shipbuilders.

Mr. Robert Atkinson, chairman of British Shipbuilders, said yesterday that he has commissioned a report on the amount of extra support British Shipbuilders needs and will send this to the Government by the end of August.

His task has been made more difficult by the fact that the Government has come to no decision on whether it wants to denationalise the warship yards in line with its pre-election pledge.

The three major warship yards—Vickers, Yarrow and Vosper Thorneycroft — made pre-tax profits of £43.3m on a turnover of £359m last year. By contrast, the rest of the shipyards lost over £130m.

British Shipbuilders is understood to have recommended the Government that any decision to sell off parts of the shipyards to private enterprise should be delayed and if it is to be implemented should involve the introduction of private capital into the whole industry and not just the warship yards.

A statement on the role of private capital within British Shipbuilders is expected before Parliament rises on August 8.

British Shipbuilders results last year were adversely affected by the effects of the long steel strike, the strength of sterling and the absence of promised public sector orders.

Less than half the expected naval orders materialised last year and the majority of the promised public sector orders failed to appear. As a result, British Shipbuilders had to employ people for whom there was no work.

Mr. Atkinson stressed that the restructuring so far undertaken by British Shipbuilders was greater in general than that of the UK's foreign competitors, especially when compared with Japan—Britain's main competitor.

Mr. Atkinson said no European concern was building ships at a profit and emphasised that foreign governments gave significantly better credit terms to their domestic shipowners.

If every UK shipowner ordered ships in British yards, the industry would be two and a half times bigger than at present, he said.

He forecast that the world shipbuilding industry had passed through the worst and that by 1981/82 demand and prices should be improving.

British Shipbuilders' cash crisis, Page 8

NCB faces 'difficult' period

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE NATIONAL Coal Board is facing an "extremely difficult" short-term market for coal as the recession starts to bite, Sir Derek Ezra, the NCB chairman, said yesterday. He called for greater Government flexibility towards the industry's financing needs.

He was presenting the NCB's 1979/80 results, which showed that on turnover of £3.74bn the board achieved a trading profit of £27.6m, against £121.1m the previous year.

However, the results are not directly comparable because most Government production grants have been taken out of trading results for 1979/80 and shown as a new "deficit grant" of £159.3m. Overall production grants totalled £189m, compared to £118m in 1978/79.

Sir Derek said the recession had cut demand for coal, notably in the electricity, steel and cement sectors, and the board's problems were aggravated by high interest rates, inflation and the sterling exchange rate.

While the long-term outlook for coal remained bright, the industry faced "an extremely difficult period now and for some time ahead."

Ironically, the problems come just when the NCB's production is starting to rise. In 1978-79 its deep-mined output was up by nearly 4m tonnes, the first year-on-year increase since 1963, and sales totalled 125m tonnes, nearly 10m tonnes more than 1978/79.

The performance is still improving, with production up 1.25m tonnes in the first 14 weeks of 1980/81, compared to the previous year.

Sir Derek said the NCB had achieved its 1979-80 financial target of breaking even after grants. It had also remained £56m within its external financing limit, the amount a nationalised industry can borrow in one year.

Under the Government's new Coal Bill, deficit grants to the NCB are being gradually phased out, and in 1983-84 the board will be expected to break even without such help.

Sir Derek said the board would face "tremendous difficulties" in doing so, its marketing position had "deteriorated massively" since the timetable was negotiated with the Government. Although the industry wanted to free itself from dependence on grants, he believed 1985-86 was a more realistic date.

He also called for greater Government flexibility in financial assistance for the stocking of coal. The board would probably have to put 4m tonnes of coal to stock this year because of the change in demand. However, it would be a mistake to cut back coal production just when productivity was improving.

Asked whether the Government's financial targets were putting the NCB under pressure to close uneconomic pits, Sir Derek denied having a list of pits he wanted to close. The board would continue with its colliery review procedure, under which the NCB and the unions discuss the life of mines.

Continued from Page 1

...it that ...awyers ...y with ...arantee ...ever, that ...SC being ... name. ...dismissed an ...anada against a ...peal decision that ...close the source of ...mation within seven ...the order had been ...ended pending the Lords' decision.

In a departure from usual practice the Lords announced their decision in advance of their reasoned judgments. These will come later. Four of the five Law Lords concluded that the appeal should be dismissed, with the fifth, Lord Salmon, saying that he needed more time to reflect.

Granada intends to take the issue to the European Court of Human Rights when it has seen the reasons for the Lords' decision. The company said in a statement that the judgment had serious implications which must inhibit the free flow of information to the Press, and it was time the law was brought "more in line with the needs of modern democracy."

At the Court of Appeal hearing in May, Lord Denning, Master of the Rolls, said Granada abused the power of the media and behaved irresponsibly. The leaked documents had been used to "confound" the Government. BSC and Sir Charles Villiers, then its chairman, and when they were returned to BSC after the start of legal action they had been tampered with to hide the informant's identity.

West German steel men strike

BY ROGER BOYES IN BONN

MORE THAN 30,000 West German steel workers staged brief protest strikes yesterday in a trial of strength with Mannesmann, the engineering and pipe-making group, over workers' participation in the steel industry.

A day of negotiations brought no progress towards agreement between Mannesmann and IG-Metall, the steel and engineering union, which is trying to stop the company from merging its pipes and steel divisions.

The dispute, which threatens to break the placid surface of German labour relations only two months before parliamentary elections, has led IG-Metall officials to threaten an all-out national strike.

Mannesmann's plans to merge its pipes and steels divisions would allow it to escape the strict terms of a 1951 Act which gives workers in steel and coal companies half the seats on their company's supervisory board. The other half are filled by shareholders' representatives, while the casting vote goes to a "neutral" member of the board acceptable to both workers and shareholders.

Count Otto Lambsdorff, Economics Minister, has warned that an all-out strike would be clearly political and as such illegal under the West German constitution, which forbids unions to take political action.

The ruling coalition partners in Bonn, the Social Democrats and Count Lambsdorff's Free Democrats, are at loggerheads over the dispute, with many Social Democrats urging introduction of a special "Mannesmann Bill" to block the company's plans.

The Free Democrats claim this would be an unacceptable interference in a company's affairs.

Mannesmann yesterday stressed that the planned merger is still absolutely essential for business reasons. It believes it can lead to savings of DM 50m (£12.5m).

The union negotiators have been pursuing a two-pronged strategy. First, they have tried to demonstrate to Mannesmann that it could save DM 50m by other measures, leaving the pipes an dsteel divisions more or less untouched.

The second argument in the IG-Metall case was unveiled yesterday. The union suggested that managers from the Mannesmann pipes division should be allowed to run the steel-producing division, but it would remain organisationally part of the parent company.

This would mean that the strict parity rules would still apply to the whole company, but the necessary streamlining could take place.

Last date set for Observer

BY PAULINE CLARK, LABOUR STAFF

THE management of the Observer newspaper has set October 18 as the date for the last issue because of the failure to settle a pay dispute with machine managers, who are members of the National Graphical Association, it announced yesterday.

Notices of dismissal were issued to some 1,000 staff, half of whom are full-time employees and half part-time workers on a "regular casual" basis.

The decision came in spite of the intervention earlier this week by Mr. Len Murray, general secretary of the TUC, and a journalists' appeal to the American owners of the newspaper for a reprieve.

Mr. Brian Nicholson, joint managing director, said there was an air of gloom and despondency among staff. But he did not dismiss hopes that a solution might still be found to end the impasse.

There was still "movement in a number of quarters," he said. "But the movement that one would require would be action against the machine minders."

Mr. Nicholson's comment followed the machine managers' rejection over the weekend of a new peace formula in spite of a recommendation to accept by the NGA's national leaders.

This is the third time since the Observer was taken over by Atlantic Richfield four years ago that closure has been threatened because of a dispute affecting the machine managers' chapel (union branch). The previous dispute was over manning levels in 1978.

DEFENCE MINISTRY ATTACKED

Doubt cast on Sting Ray figures

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

OUTLAYS of £920m by the UK Defence Ministry on the new Sting Ray underwater missile, when a comparable torpedo weapon could be acquired from the U.S. for only £200m, have come under heavy attack from the House of Commons Public Accounts Committee.

The rival programme is the U.S. improved Mark 46 torpedo. The committee, in a report issued yesterday, says the Ministry claimed that Sting Ray "alone possessed the capabilities considered essential to meet the potential threat," and had been given high priority in spite of its cost.

The Ministry believed the ultimate cost of Sting Ray would be kept to within 10 per cent of the current estimate in real terms, and that it had potential for subsequent improvement as a weapon system, effective until the end of the century.

The committee, however, casts doubt on this. "We feel bound to say on the evidence available to us, we were not convinced by the Ministry's case for spending an additional £720m rather than purchasing the U.S. torpedo."

The committee also admits, however, that it has no detailed evidence on the relative capabilities of the two weapons systems, and that without a balanced technical assessment "it is impossible to come to a final judgment about the value being obtained from the money spent and committed to Sting Ray.

"We therefore suggest that the Defence Committee of the House investigate the capabilities and cost effectiveness of the two weapon systems."

The estimated cost of cancellation of Sting Ray is the £146m already spent on it, plus £15m, making a total of £161m. The employment consequences of cancellation are considered negligible.

The committee also comments that the development of the weapon has already lasted a decade, and still has to be satisfactorily completed.

"Any further significant delay could reduce Sting Ray's operational advantage over the U.S. alternative, jeopardise the torpedo's overseas sales potential, and place additional demands on the defence budget.

"If, therefore, the Defence Ministry's expectations are not realised and further major problems arise, we trust that they will not hesitate to carry out a fundamental appraisal of the project's cost effectiveness, in terms of the resources still required to complete the programme, notwithstanding the money and resources already spent."

Mr. Joel Barnett, the chairman of the committee, said at a Press conference yesterday that it would be "a fair assumption" that Sting Ray's total cost could be over the £1bn mark by now as a result of inflation, but he did not envisage further cost increases other than inflation.

The committee pointed out in its report that the four largest underwater weapons projects now under way had risen in cost (for development and production) from a total of £165m in 1969-70 to a total of £1.62bn at September 1979 prices.

In addition to Sting Ray, which accounted for the biggest increase, the others were two Sonar developments, Type 2016 and Type 2020, which had risen in cost from £53m to £412m, and from £22m to £194m respectively, and the Tigerfish, which had risen from £16m to £91m.

Sixteenth Report from the Committee of Public Accounts, House of Commons Paper 648 (SO, £4.50 net).

Brewery to buy Thorn's hotels

By Christine Moir

SCOTTISH and Newcastle Breweries is to pay £23m for the seven hotels and 13 restaurants which Thorn EMI has had on the market for some months. The purchase price is some £7m less than industry estimates of what the business would fetch, but £6m more than their book value in Thorn EMI's accounts.

Mr. Robert King, chief executive of the brewing group, said yesterday: "If you buy when the market is depressed, which it is at the moment, you hope to get assets at a lower price."

The deal, which is for cash, has been agreed between the two groups but is conditional on clearance from the Office of Fair Trading.

Scottish and Newcastle already operates 31 hotels under the Thistle name, four of them in London, as well as about 30 smaller inns.

However, the company has made no secret of its need to expand further in London and the Thorn EMI hotels include The Tower, the Selfridge, the Royal Westminster, Royal Horseguards, Royal Trafalgar and Royal Angus in London, as well as the Royal Angus in Birmingham. With them go the chain of 12 Angus Steak Houses.

The hotels have been suffering with the rest of the industry from the decline in tourist takings and, while still profitable, are not making a handsome contribution to the newly-merged group.

For Scottish and Newcastle, Mr. King, however, said the acquisition was not being made "for tomorrow or next year, but for the longer term."

The Thistle group hotels have also faced problems in the past year. Operating profits dropped fro m£3.3m in 1978-79 to £2.3m in the 12 months to the end of April, although the company expects resumed growth this year.

Mr. Peter Laister, managing-director of Thorn EMI, explained that the chain did not provide a "base capable of being competitive without substantial additional expansion." This was contrary to board policy which was to concentrate on "fewer diversified businesses."

At the same time, Thorn EMI announced that it is to appoint Sir William Barlow, the retiring chairman of the Post Office, as chairman of its engineering group. He will also join the main board.

Weather

UK TODAY

MOST PLACES will have showers, but there will be some sunshine. Near normal temperatures.

London, E. Anglia, Midlands, S.E., N.W. England
Sunny periods at first, with showers developing. Max. 21C (70F).

Channel Isles, S. Wales, S.W. England
Showers and sunny intervals. Max. 19C (66F).

N. Wales, I. of Man, Ulster
Showers or longer outbreaks of rain. Bright intervals. Max. 18C (64F).

N.E. England, Scotland
Sunny intervals and showers, perhaps heavy in places. Max. 19C (66F).

Orkney, Shetland
Outbreaks of rain, perhaps with thunder at first. Becoming brighter later. Max. 16C (61).

Outlook: Sunny intervals with some thundery showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	25	77	Lisbon	C	24	75
Algiers	S	28	82	Locarno	C	26	79
Amsdm.	C	18	64	London	F	20	68
Athens	S	30	86	Luxor	S	39	102
Bahrain	S	38	100	Madrid	S	27	81
Barclna.	F	26	79	Majorca	S	28	82
Beirut	F	29	84	Malaga	S	28	82
Belfast	F	19	66	Malta	S	28	82
Belgrd.	S	30	86	M'chstr.	F	20	68
Berlin	C	22	72	Melbne	C	12	54
Biarritz	S	24	75	Mex. C.	C	20	68
Bmghm.	C	20	68	Milan	S	28	82
Blackpl.	F	19	66	Moscow	F	27	81
Bordx.	F	23	73	Munich	C	20	68
Boulgn.	C	16	61	Nairobi	S	20	68
Bristol	F	20	68	Naples	F	27	81
Budpst.	F	19	66	Nwcstl.	C	15	59
Cairo	S	35	95	Nice	S	24	75
Cardiff	F	19	66	Oporto	C	28	84
Cas'b'ca	S	23	75	Oslo	F	26	79
Cape T.	R	18	64	Paris	F	19	66
Cologne	C	18	64	Perth	C	18	68
Cpnhgn.	S	24	75	Prague	C	19	66
Dublin	F	16	61	Reykjvk.	C	20	68
Dbrvnk.	S	28	82	Rhodes	S	31	88
Ednbgh.	C	15	59	Rio J'o	S	30	86
Faro	S	24	75	Salzbrg.	F	23	75
Florence	F	28	82	Singapr.	C	31	87
Frankft	C	19	66	Stckhm.	F	26	79
Funchal	S	24	75	Strasbg.	C	22	72
Genova	C	20	68	Sydney	S	16	61
Gibrltr.	S	27	81	Tangier	S	24	75
Glasgow	C	18	64	Tehran	S	35	94
G'nsey	F	16	61	Tel Aviv	S	28	82
Helsinki	S	28	82	Tenerife	F	20	68
H. Kong	S	29	84	Tokyo	C	23	73
Innsbrk.	S	21	70	Tunis	S	31	88
Invrnss	F	18	64	Valencia	S	28	82
I. o Man	C	25	77	Venice	S	29	84
Istanbul	C	25	77	Vienna	C	23	73
Jersey	C	19	66	Warsaw	F	25	77
Jo'burg	C	35	95	Zurich	C	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny.

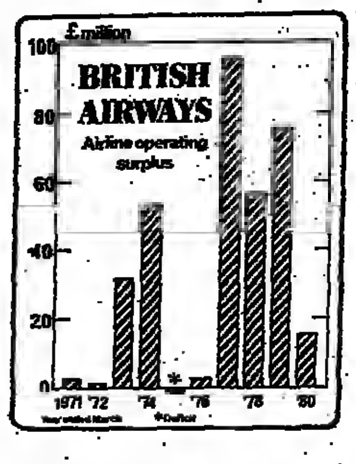
THE LEX COLUMN

BA is faced with take-off delay

Spare a thought this morning for the monetary authorities, who must pore over the raw banking data for the month to mid-July and decide whether a further cut in Minimum Lending Rate can be justified. If the figures are just a little less than excellent, the Bank of England may take the same view as it did a month ago—that it is easier to cut before the figures are published than after.

On that basis, if there is no cut tomorrow, 16 per cent MLR may still be here a month from now. The political pressures for an immediate cut are stronger than ever, and there are helpful signs—yesterday's Belgian bank rate cut, for example—that the German authorities are edging towards an easier monetary stance. Against that, the gilt-edged market has looked rather soggy in the last couple of days, sterling turned easier last night, and there is still temporary upward pressure on money rates.

Index fell 1.0 to 488.7



British Airways

Political enthusiasm for denationalisation is one thing, the airline profits cycle is quite another. A year ago, when the new Conservative Government was first concocting plans to turn British Airways into an independent saleable entity, BA was budgeting for an operating surplus of £150m in the year to March, 1980. In the event a soaring fuel bill—up from £240m to £413m—has helped to slim that figure down to a paltry £29m. At the pre-tax group level profits are down from £90.4m to £19.5m, and the airline itself appears to have made a marginal loss allowing for the £20.8m generated by fringe activities. The figures would have been £9m worse but for BA's discovery that for the purposes of depreciation its widebodied aircraft last two years longer than they used to. Moreover the self-financing ratio is down to 43 per cent in 1979-80 (it averaged 87 per cent in the previous four years) and capital commitments are now well over £1bn.

So there are some daunting problems for Hill Samuel, organising the flotation on behalf of HMG (for its own part, BA has retained Warburg). Prospects for 1980-81 are even gloomier; although the rise in fuel costs has moderated, the international recession is hitting business travel and passenger traffic is 4 per cent down for the first quarter. A wave of operational cutbacks is under way to cushion the financial impact, but there is said to be no prospect of an early improvement.

All this casts a deep shadow over the Government's chances of floating BA at what it has said would be the earliest possible date, the summer of 1981. To set the wheels in motion the Government will need to give the go-ahead around December for the legal switch to limited company status which has to become effective on April 1, the start of the new financial year. The actual issue would have to be more or less coincident with the availability of the results in July; but the way things look now the Government will have to let the 1981 option slip by and wait for the window to open in more favourable circumstances in July 1982 or 1983.

Reed International

Allowing for the £12m impact attributed to industrial action, the first quarter drop in pre-tax profits at Reed International from £26.5m to £11.8m translates into a fall of a fifth at the trading level as the recession begins to bite. The main strain is being taken in the packaging and decorating business, although it looks as if the worst of the destocking phase may now be in the past.

The contribution from abroad is up 16 per cent at £10.3m, due mainly to a strong performance from the Quebec mill. This asset, not so long ago open to offers, is now—with the relative cost advantage in paper production swinging to North America—regarded as a core holding. Meanwhile, with interest charges edging up again, pre-tax profits for the year are likely to emerge in the region of £80-£85m, against £100m. But the strength of the balance sheet means that the group will be able to take advantage of the general downturn to exploit any opportunities for acquisitions, as well as investing in its packaging and publishing businesses. The share price, down 3p yesterday at 191p, is still 17 per cent above the level of early June, while the p/e of 5¼, fully-taxed, hardly represents a ceiling.

S and N

The proposed purchase of Thorn EMI's hotels and restaurants looks like good value in terms of assets for Scottish and Newcastle. The cost of building the property now would be in the region of £60m, against the £23m cash offer, together with about £2½m of current liabilities that will be taken over. However, the hotels are likely to make a loss after finance costs in the winter half-year, perhaps trimming £2m from S and N's 1980-81 pre-tax profits.

Meanwhile, S and N's debt continues to rise. The effect of this deal is to push the level of net borrowings up from 37 per cent of shareholders' funds to 47 per cent, which is rather higher than its main competitors and will move up further through the year. No doubt a revaluation would prove timely in the next balance sheet, but with income gearing at about a quarter, the company must also be considering its options over a rights issue. The share price rose 2½p yesterday to 64p.

Tate & Lyle

The boardroom manoeuvres at Tate and Lyle, where Saxon Tate has been replaced as managing director by the head of the group's Canadian business, do not appear to reflect any worsening of the immediate financial pressures. Indeed, with sugar trading strong and some of the smaller subsidiaries — notably United Molasses—performing well, the present year is looking less bad than it did a few months ago.

But the outlook for longer-term earnings growth is still clouded, and more rationalisation may eventually be necessary. T and L's big problems are still overcapacity in the European starch market and in UK sugar refining. Further cutbacks in sugar refining have been postponed until the new EEC quotas are decided. If, as a result of the recent high sugar price, the existing beet quotas are not reduced, the future of the Liverpool refinery—the highest cost producer of refined sugar in a market governed by cut-throat pricing — must be in question.

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